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MANCHURIA

Treaties and Agreements

CARNEGIE ENDOWMENT FOR INTERNATIONAL PEACE
DIVISION OF INTERNATIONAL LAW
PAMPHLET No. 44

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Carnegie Endowment for International Peace
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No. 44

MANCHURIA

Treaties and Agreements

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NOTE

A Conference on the Limitation of Armament was called on August 11, 1921, by the Government of the United States, to meet in Washington on November 11, 1921, the third anniversary of the signing of the armistice between the victorious Allied and Associated Powers and Germany.

The representatives of the Powers originally invited to the Conference were the British Empire, France, Italy and Japan, for the consideration of the question of the limitation of armament, and China for the discussion of Pacific and Far Eastern Questions. Later, representatives of Belgium, the Netherlands and Portugal, were invited to take part in the discussion of questions concerning the Pacific.

The tentative program agreed upon embraces the following subjects:

Limitation of Armament

1. Limitation of naval armament, under which shall be discussed:
   (*a*) Basis of limitation.
   (*b*) Extent.
   (*c*) Fulfilment.
2. Rules for control of new agencies of warfare.
3. Limitation of land armament.

Pacific and Far Eastern Questions

1. Questions relating to China.
   First: Principles to be applied.
   Second: Application.
   Subjects:
   (*a*) Territorial integrity.
   (*b*) Administrative integrity.
   (*c*) Open door—equality of commercial and industrial opportunity.
   (*d*) Concessions, monopolies or preferential economic privileges.
   (*e*) Development of railways, including plans relating to Chinese Eastern Railway.
   (*f*) Preferential railroad rates.
   (*g*) Status of existing commitments.
2. Siberia (similar headings).
3. Mandated islands (unless questions earlier settled).
   Electrical communications in the Pacific.

Under the heading of "Status of Existing Commitments" it is expected that opportunity will be afforded to consider and to reach an understanding with respect to unsettled questions involving the nature and scope of commitments under which claims of rights may hereafter be asserted.

In the belief that the dissemination of information regarding the status of armaments, the collection of official documents throwing light upon the situation in the Pacific, and the furnishing of accurate accounts of the issues involved in some of the more important problems confronting the Conference, would render a service to the public and perhaps even to the delegates to the Conference, the Carnegie Endowment for International Peace has undertaken the preparation and publication of a series of pamphlets of which the present pamphlet is one. The documents have been selected chiefly from John V. A. MacMurray's *Treaties and Agreements with and Concerning China,* published in two volumes by the Endowment earlier in the year.

The meeting of so many nations in conference, following upon the close of a great war, is in itself an event of no mean importance. The holding of a conference upon the limitation of armament in succession to the First Hague Peace Conference called to consider the burden of armaments and the means for its decrease, with the possibility of an agreement in conference upon some of the questions of international import in addition to armaments, is an indication that the world is returning to "normalcy" and turning to the experience of The Hague.

That the Conference may be successful in all the phases of its program should be the desire of men and women of good-will in all parts of the world.

JAMES BROWN SCOTT,
Director.

WASHINGTON, D. C.,
November 4, 1921.

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LIST OF ABBREVIATIONS

Am. Journal Int. Law.....*The American Journal of International Law,* published quarterly for the American Society of International Law.

B. and F. State Papers.....*British and Foreign State Papers.*

Bulletin of Laws.....Bulletin of Laws and Ordinances of the (Russian) Government (*Sobranie Uzakonenii i Rasporiajenii Pravitelstva*).

China, No. — (year).....British Parliamentary Papers on China, of number and year indicated.

Chung Hua Fa Kuei Ta Ch'uan....*Compilation of the Laws of China,* together with a Collection of the Treaties with Foreign Countries (Shanghai, 1913). This compilation is not official.

COLLINS .....*Mineral Enterprise in China,* by William F. Collins (London, Heinemann, 1918).

CUSTOMS .....*Treaties, Conventions, etc., between China and Foreign States,* published by order of the Inspector General of Customs (second edition, Shanghai, 1917).

Doc. Dipl., Chine.....French Foreign Office Yellow Books on China.

F. E. Review .....*The Far Eastern Review,* published monthly at Shanghai.

For. Rel. .....*Foreign Relations of the United States,* published annually under the authority of the Secretary of State.

Izviestia .....Review of the (Russian) Ministry for Foreign Affairs (*Izviestia Ministerstva Inostrannuikh Diel*), bimonthly publication of the Russian Foreign Office.

HERTSLET .....*Hertslet's China Treaties: Treaties, etc., between Great Britain and China, and between China and Foreign Powers, etc.* (3d edition, London, 1908).

KENT .....*Railway Enterprise in China,* by Percy H. Kent (London, 1908).

MACMURRAY .....*Treaties and Agreements with and concerning China, 1894-1919.* A collection of state papers, private agreements, and other documents, in reference to the rights and obligations of the Chinese Government in relation to foreign powers, and in reference to the interrelation of those powers in respect to China, during the period from the Sino-Japanese War to the conclusion of the World War of 1914-1919. (New York, Oxford University Press, 1921.)

MALLOY .....*Treaties, Conventions, etc., between the United States and Other Powers, 1776-1909,* edited by William M. Malloy (Washington, Government Printing Office, 1909).

Official Documents .....*Official Documents relating to the War* (for the year 1917) (Peking, Ministry of Foreign Affairs, 1918).

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ROCKHILL . . . . . *Treaties and Conventions with or concerning China and Korea, 1895-1904,* edited by W. W. Rockhill (Washington, Government Printing Office, 1904).

Shina Kankei Tokushu Joyaku Isan . . . *Compilation of Special Treaties relating to China,* compiled by the Research Committee of the Society of Common Language of Eastern Asia (Tokyo, 1917).

Sobranie . . . . . See *Bulletin of Laws.*

Soglashenia . . . . . Agreements between Russia and China in regard to Railways, Posts and Telegraphs, and Customs (*Soglashenia mejdu Rossiei i Kitaem po Voprosam Jeliezno-dorojnuim, Pochtovo-telegrafnuim i Tamojennuim*), published by the Russian Ministry for Foreign Affairs as a Supplement to Volumes III and IV of the *Izviestia* (cited above) for 1916.

Traités et Conventions . . . . . *Traités et Conventions entre l'Empire du Japon et les Puissances Etrangères* (Ministère des Affaires Etrangères; Tokyo, Maruya & Co., publishers, 1908).

TYAU . . . . . *The Legal Obligations arising out of Treaty Relations between China and Other States,* by Min-ch'ien T. Z. Tyau, LL.D. (Shanghai, Commercial Press, 1917).

WANG . . . . . *Railway Loan Agreements of China,* compiled by Ching-Chun Wang, Ph.D., and Others (Privately printed by the Railway Association, Peking, 1916).

No. 1

JAPAN AND CHINA

Treaty of peace (with separate articles and Convention to prolong armistice).[1]*—April 17, 1895*

His Majesty the Emperor of China and His Majesty the Emperor of Japan, desiring to restore the blessings of peace to their countries and subjects and to remove all cause for future complications, have named as their Plenipotentiaries for the purpose of concluding a Treaty of peace; that is to say, His Majesty the Emperor of China, Li Hung-chang, Senior Tutor to the Heir Apparent, Senior Grand Secretary of State, Minister Superintendent of Trade for the Northern Ports of China, Viceroy of the Province of Chihli, and Earl of the First Rank, and Li Ching-fong, Ex-Minister of the Diplomatic Service, of the Second Official Rank;

And His Majesty the Emperor of Japan, Count Ito Hirobumi, Junii, Grand Cross of the Imperial Order of Paullownia, Minister President of State, and Viscount Mutsu Munemitsu, Junii, First Class of the Imperial Order of the Sacred Treasure, Minister of State for Foreign Affairs;

Who, after having exchanged their full powers, which were found to be in good and proper form, have agreed to the following Articles:

ARTICLE I.—**Independence of Korea.**—China recognizes definitely the full and complete independence and autonomy of Korea, and in consequence the payment of tribute and the performance of ceremonies and formalities by Korea to China, in derogation of such independence and autonomy, shall wholly cease for the future.

ARTICLE II.—**Cession of part of Fêngtien Province.**—China cedes to Japan in perpetuity and full sovereignty the following territories, together with all fortifications, arsenals, and public property thereon:

(*a*) The southern portion of the province of Fêngtien, within the following boundaries:

The line of demarcation begins at the mouth of the River Yalu and ascends that stream to the mouth of the River An-ping; from thence the line runs to Fêng-huang; from thence to Haicheng; from thence to Ying-kow, forming a line which describes the southern portion of the territory. The places above named are included in the ceded territory. When the line reaches the River Liao at Ying-kow, it follows the course of that stream to its mouth where it terminates. The mid-channel of the River Liao shall be taken as the line of demarcation.

[1] MACMURRAY, vol. I, p. 18. Printed also in ROCKHILL, p. 14; CUSTOMS, vol. II, p. 590; *Traités et conventions,* p. 209; HERSTLET, p. 362; *Recueil,* p. 1; *American Journal International Law,* Supplement, 1907, p. 378. See Note 1 to this document, *post,* p. 7.

This cession also includes all islands appertaining or belonging to the province of Fêngtien, situated in the eastern portion of the Bay of Liaotung and in the northern part of the Yellow Sea.

(*b*) The island of Formosa, together with all islands appertaining or belonging to said island of Formosa.

(*c*) The Pescadores Group, that is to say, all islands lying between the 119th and 120th degrees of longitude east of Greenwich and the 23rd and 24th degrees of north latitude.

ARTICLE III.—**Delimitation of ceded territory.**—The alignments of the frontiers described in the preceding Article and shown on the annexed map,[1] shall be subject to the verification and demarcation on the spot, by a Joint Commission of Delimitation consisting of two or more Chinese and two or more Japanese Delegates to be appointed immediately after the exchange of the ratifications of this Act. In case the boundaries laid down in this act are found to be defective at any point, either on account of topography or in consideration of good administration, it shall also be the duty of the Delimitation Commission to rectify the same.

The Delimitation Commission will enter upon its duties as soon as possible and will bring its labors to a conclusion within the period of one year after appointment.

The alignments laid down in this Act shall, however, be maintained until the rectifications of the Delimitation Commission, if any are made, shall have received the approval of the Governments of China and Japan.

ARTICLE IV.—**War Indemnity to Japan.**—China agrees to pay to Japan as a war indemnity the sum of 200,000,000 Kuping Taels. The said sum is to be paid in eight installments. The first installment of 50,000,000 Taels to be paid within six months, and the second installment of 50,000,000 Taels to be paid within twelve months after the exchange of the ratifications of this Act. The remaining sum to be paid in six equal annual installments, as follows: The first of such equal annual installments to be paid within two years; the second within three years; the third within four years; the fourth within five years; the fifth within six years, and the sixth within seven years, after the exchange of the ratifications of this Act. Interest at the rate of *5 per centum per annum* shall begin to run on all unpaid portions of the said indemnity from the date the first installment falls due.

China shall, however, have the right to pay by anticipation at any time any or all of said installments. In case the whole amount of the said indemnity is paid within three years after the exchange of the ratifications of the present Act, all interest shall be waived and the interest for two years and a half or for any less period if then already paid, shall be included as a part of the principal amount of the indemnity.

[1] HERTSLET notes that the map was not published, Article III of the treaty having been suppressed by the terms of the convention of November 8, 1895 (No. 2, *post*).

ARTICLE V.—**Inhabitants of ceded territory.**—The inhabitants of the territory ceded to Japan, who wish to take up their residence outside the ceded districts shall be at liberty to sell their real property and retire.

For this purpose a period of two years from the date of the exchange of the ratifications of the present Act, shall be granted. At the expiration of that period those of the inhabitants who shall not have left such territories shall at the option of Japan, be deemed to be Japanese subjects.

Each of the two Governments shall immediately upon the exchange of the ratifications of the present Act, send one or more Commissioners to Formosa to effect a final transfer of that Province and within the space of two months after the exchange of the ratifications of this Act, such transfer shall be completed.

ARTICLE VI.—**Treaty of commerce and navigation to be negotiated.**—All treaties between China and Japan having come to an end in consequence of war, China engages immediately upon the exchange of the ratifications of this Act, to appoint Plenipotentiaries to conclude, with the Japanese Plenipotentiaries, a Treaty of Commerce and Navigation [1] and a Convention to regulate Frontier Intercourse and Trade. The Treaties, Conventions, and Regulations now subsisting between China and European Powers shall serve as a basis for the said Treaty and Convention between China and Japan. From the date of the exchange of the ratifications of this Act until the said Treaty and Convention are brought into actual operation, the Japanese Government; its officials; commerce; navigation; frontier intercourse and trade; industries; ships, and subjects, shall, in every respect, be accorded by China most-favored-nation treatment.

China makes in addition the following concessions, to take effect six months after the date of the present Act:

1st.—**Opening of new localities in China to trade.**[2]—The following cities, towns, and ports, in addition to those already opened, shall be opened to the trade, residence, industries, and manufactures of Japanese subjects, under the same conditions and with the same privileges and facilities as exist at the present open cities, towns, and ports of China.

(1) Shashih, in the province of Hupeh.

(2) Chungking, in the province of Szechuan.

(3) Suchow, in the province of Kiangsu.

(4) Hang-chow, in the province of Chekiang.

The Japanese Government shall have the right to station Consuls at any or all of the above-named places.

[1] For treaty of commerce and navigation, concluded July 21, 1896, see MACMURRAY, vol. I, p. 68.

[2] In connection with this article, see the procotol concerning Japanese settlements, etc., October 19, 1896 (*ibid.*, p. 91), and attached note giving the agreement for the establishment of a Japanese settlement at Shashi, August 18, 1898 (*ibid.*, p. 92).

2nd.—**Navigation on Chinese inland waters.**—Steam navigation for vessels under the Japanese flag for the conveyance of passengers and cargo shall be extended to the following places:

(1) On the upper Yangtsze River, from I-chang to Chung-king.

(2) On the Woo-sung River and the Canal, from Shanghai to Su-chow and Hang-chow. The Rules and Regulations which now govern the navigation of the inland waters of China by foreign vessels shall, so far as applicable, be enforced in respect of the above-named routes until new Rules and Regulations are conjointly agreed to.

3rd.—**Renting warehouses.**—Japanese subjects purchasing goods or produce in the interior of China or transporting imported merchandise into the interior of China, shall have the right temporarily to rent or hire warehouses for the storage of the articles so purchased or transported, without the payment of any taxes or exactions whatever.

4th.—**Right to manufacture in open localities.**—Japanese subjects shall be free to engage in all kinds of manufacturing industries in all the open cities, towns, and ports of China, and shall be at liberty to import into China all kinds of machinery paying only the stipulated duties thereon.

All articles manufactured by Japanese subjects in China, shall in respect of inland transit and internal taxes, duties, charges and exactions of all kinds and also in respect of warehousing and storage facilities in the interior of China, stand upon the same footing and enjoy the same privileges and exemptions as merchandise imported by Japanese subjects into China.

In the event additional Rules and Regulations are necessary in connection with these concessions, they shall be embodied in the Treaty of Commerce and Navigation provided for by this Article.

ARTICLE VII.—**Evacuation of China.**—Subject to the provisions of the next succeeding Article, the evacuation of China by the armies of Japan, shall be completely effected within three months after the exchange of the ratifications of the present Act.

ARTICLE VIII.—**Temporary military occupation of Wei-hai-wei. Its evacuation.**—As a guarantee of the faithful performance of the stipulations of this Act, China consents to the temporary occupation by the military forces of Japan, of Wei-hai-wei in the Province of Shantung.

Upon the payment of the first two installments of the war indemnity herein stipulated for and the exchange of the ratifications of the Treaty of Commerce and Navigation, the said place shall be evacuated by the Japanese forces, provided the Chinese Government consent to pledge, under suitable and sufficient arrangements, the Customs Revenue of China as a security for the payment of the principal and interest of the remaining installments of said indemnity. In the event no such arrangements are concluded, such evacuation shall only take place upon the payment of the final installment of said indemnity.

It is, however, expressly understood that no such evacuation shall take place until after the exchange of the ratifications of the Treaty of Commerce and Navigation.

ARTICLE IX.—**Prisoners of war.**—Immediately upon the exchange of the ratifications of this Act, all prisoners of war then held shall be restored and China undertakes not to ill-treat or punish prisoners of war so restored to her by Japan. China also engages to at once release all Japanese subjects accused of being military spies or charged with any other military offenses. China further engages not to punish in any manner nor to allow to be punished, those Chinese subjects who have in any manner been compromised in their relations with the Japanese army during the war.

ARTICLE X.—**Cessation of military operations.**—All offensive military operations shall cease upon the exchange of the ratifications of this Act.

ARTICLE XI.—The present Act shall be ratified by their Majesties the Emperor of China and the Emperor of Japan, and the ratifications shall be exchanged at Chefoo, on the 14th day of the 4th month of the 21st year of Kwang Hsü, corresponding to the 8th day of the 5th month of the 28th year of Meiji. (May 8th, 1895.) [1]

In witness whereof, the respective Plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

Done at Shimonoseki, in duplicate, this 23d day of the 3d month of the 21st year of Kwang Hsü, corresponding to the 17th day of the 4th month of the 28th year of Meiji. (April 17th, 1895.)

LI HUNG CHANG. [L. S.]

Plenipotentiary of His Majesty the Emperor of China, Senior Tutor of the Heir Apparent, Senior Grand Secretary of State, Minister Superintendent of Trade for the North Ports of China, Viceroy of the Province of Chihli, and Earl of the First Rank.

LI CHING FONG.

Plenipotentiary of His Majesty the Emperor of China, Ex-Minister of the Diplomatic Service, of the Second Official Rank.

COUNT ITO HIROBUMI. [L. S.]

Junii, Grand Cross of the Imperial Order of Paullownia, Minister President of State, Plenipotentiary of His Majesty the Emperor of Japan.

VISCOUNT MUTSU MUNEMITSU. [L. S.]

Junii, First Class of the Imperial Order of the Sacred Treasure, Minister of State for Foreign Affairs, Plenipotentiary of His Majesty the Emperor of Japan.

[1] Ratifications exchanged at Chefoo, May 8, 1895.

Separate Articles

Article I.—**Military force to occupy Wei-hai-wei.**—The Japanese military forces which are, under Article VIII of the treaty of peace signed this day, to temporarily occupy Wei-hai-wei, shall not exceed one Brigade and from the date of the exchange of the ratifications of the said treaty of peace, China shall pay annually, one-fourth of the amount of the expenses of such temporary occupation that is to say, at the rate of 500,000 Kuping Taels per annum.

Article II.—**Territory occupied at Wei-hai-wei.**—The territory temporarily occupied at Wei-hai-wei shall comprise the island of Liu-kung and a belt of land 5 Japanese Ri wide along the entire coast line of the Bay of Wei-hai-wei.

No Chinese troops shall be permitted to approach or occupy any place within a zone of 5 Japanese Ri wide beyond the boundaries of the occupied territory.

Article III.—**Chinese to retain civil administration.**—The civil administration of the occupied territory shall remain in the hands of the Chinese Authorities. But such Authorities shall at all times be obliged to conform to the orders which the Commander of the Japanese Army of occupation may deem it necessary to give in the interest of the health, maintenance, safety, distribution or discipline of the Troops.

All military offences committed within the occupied territory shall be subject to the jurisdiction of the Japanese Military Authorities.

The foregoing Separate Articles shall have the same force, value and effect as if they had been, word for word, inserted in the Treaty of Peace signed this day.

In witness whereof, the respective Plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

Done at Shimonoseki, in duplicate, this 23rd day of the third month of the 21st year of Kuang Hsü, corresponding to the 17th day of the 4th month of the 28th year of Meiji. (April 17th, 1895.)

(Signatures (4) and titles, same as in Treaty.)

Convention to Prolong Armistice

The undersigned (insert here names and titles of the 2 Chinese Plenipotentiaries, as in Preamble of Treaty) Plenipotentiaries of His Majesty the Emperor of China, and (insert here names and titles of 2 Japanese Plenipotentiaries as in preamble of Treaty) Plenipotentiaries of His Majesty the Emperor of Japan, having concluded a Treaty of Peace, have, in order to provide for the peaceful exchange of the ratifications of said Treaty, agreed upon and signed the following Articles:

I.—**Armistice.**—The Convention of Armistice concluded on the 5th day of the 3rd month of the 21st year of Kwang Hsü, corresponding to the 30th day of the 3d month of the 28 year of Meiji,[1] is prolonged for the period of 21 days from this date.

II.—The armistice, which is prolonged by this Convention, shall terminate, without notice on either side, at midnight on the 14th day of the 4th month of the 21st year of Kwang Hsü, corresponding to the 8th day of the 5th month of the 28th year of Meiji. The rejection in the meantime, however, of the said Treaty of Peace, by either High Contracting Party, shall have the effect of at once terminating this Armistice without previous notice.

In witness whereof the Plenipotentiaries of China and Japan have hereunto set their hands and affixed their seal.

Done at Shimonoseki, this 23rd day of the 3rd month of the 21st year of Kuang Hsü, corresponding to the 17th day of the 4th month of the 28th year of Meiji. (April 17th, 1895.)

(Signatures (4) and titles, same as in Treaty.)

Note 1

In connection with this treaty, see the convention for the retrocession of the southern portion of Fengtien, November 8, 1895 (No. 2, *post*).

The following is a translation of the Japanese declaration of war against China, dated August 1, 1894:

Imperial Rescript.—August 1, 1894

We, by the Grace of Heaven, Emperor of Japan, seated on a Throne occupied by the same dynasty from time immemorial, do hereby make proclamation to all our loyal and brave subjects as follows:

We hereby declare war against China and We command each and all of Our competent authorities, in obedience to Our wish and with a view to the attainment of the national aim, to carry on hostilities by sea and by land against China, with all the means at their disposal consistently with the Law of Nations.

During the past three decades of Our reign, our constant aim has been to further the peaceful progress of the country in civilization; and being sensible of the evils inseparable from complications with foreign States, it has always been our pleasure to instruct our Ministers of State to labor for the promotion of friendly relations with our Treaty Powers. We are gratified to know that the relations of Our Empire with those Powers have yearly increased in good will and in friendship. Under the circumstances we were unprepared for such a conspicuous want of amity and of good faith as has been manifested by China in her conduct towards this country in connection with the Korean affair.

Korea is an independent State. She was first introduced into the family of nations by the advice and under the guidance of Japan. It has, however, been China's habit to designate Korea as her dependency, and openly and secretly to interfere with her domestic affairs. At the time of the recent civil insurrection in Korea, China dispatched troops thither, alleging that her purpose was to afford succour to her dependent State. We, in virtue of the treaty concluded with Korea in 1882, and looking to possible emergencies, caused a military force to be sent to that country.

Wishing to procure for Korea freedom from the calamity of perpetual disturbance, and thereby to maintain the peace of the East in general, Japan invited China's

[1] See Note 1 to this document, on this page.

co-operation for the accomplishment of that object. But China, advancing various pretexts, declined Japan's proposal. Thereupon, Japan advised Korea to reform her administration so that order and tranquillity might be preserved at home, and so that the country might be able to discharge the responsibilities and duties of an independent State abroad. Korea has already consented to undertake the task. But China has secretly and insidiously endeavored to circumvent and to thwart Japan's purpose. She has, further procrastinated, and endeavored to make warlike preparations both on land and at sea. When those preparations were completed, she not only sent large reenforcements to Korea, with a view to the forcible attainment of her ambitious designs, even carried her arbitrariness to the extent of opening fire upon Our ships in Korean waters. China's plain object is to make it uncertain where the responsibility resides of preserving peace and order in Korea, and not only to weaken the position of that State in the family of nations—a position obtained for Korea through Japan's efforts—but also to obscure the significance of the treaties recognizing and confirming that position. Such conduct on the part of China is not only a direct injury to the rights and interests of this Empire; but also a menace to the permanent peace and tranquility of the Orient. Judging from her actions, it must be concluded that China, from the beginning, has been bent upon sacrificing peace to the attainment of her sinister object. In this situation, ardent as Our wish is to promote the prestige of the country abroad by strictly peaceful methods, we find it impossible to avoid a formal declaration of war against China. It is Our earnest wish that, by the loyalty and valor of our faithful subjects, peace may soon be permanently restored and the glory of the Empire be augmented and completed.

Given this 1st day of the eighth month of the 27th year of the Meiji.

(Sign Manual.)

(Countersignatures of Minister President of State and other Ministers.)

See also the treaty of alliance between Japan and Korea, signed at Seoul, August 26, 1894, of which the following translation is printed in ROCKHILL, p. 429:

Treaty of Alliance between Korea and Japan.—August 26, 1894

"In view of the fact that on the 25th of July, 1894, the Korean Government entrusted His Imperial Majesty's Envoy Extraordinary and Minister Plenipotentiary at Söul, Korea, with the expulsion, on their behalf, of Chinese soldiers from Korean territory, the Governments of Japan and Korea have been placed in a situation to give mutual assistance both offensive and defensive. Consequently the undersigned Plenipotentiaries, duly authorized by their respective Governments, have, with a view of defining the fact and of securing in the premises concerted action on the part of the two countries, agreed to the following Articles:

"ARTICLE I. The object of the alliance is to maintain the independence of Korea on a firm footing and to promote the respective interests of both Japan and Korea by expelling Chinese soldiers from Korean territory.

"ART. II. Japan will undertake all warlike operations against China, both offensive and defensive, while Korea will undertake to give every possible facility to Japanese soldiers regarding their movements and supply of provisions.

"ART. III. This treaty shall cease and determine at the conclusion of a treaty of peace with China.

"In witness whereof the Plenipotentiaries of the two countries have signed the treaty and hereunto affixed their seals.

"Done at Söul this 26th day of August, 1894.

"KEISUKE OTORI,
"H. I. J. M.'s Envoy Extraordinary and Minister Plenipotentiary.

"KIM IN SHIOUKU,
"H. K. M.'s Minister for Foreign Affairs."

Note 2

The English version of this armistice, signed at Shimonoseki, March 30, 1895, is given as follows in CUSTOMS, vol. II, p. 599:

Convention of Armistice between Japan and China.—March 30, 1895

"His Majesty the Emperor of Japan having, in view of the untoward event which temporarily interrupted the depending negotiations for peace, commanded His Plenipotentiaries to consent to a temporary Armistice, the undersigned, Count ITO HIROBUMI, Junii, Grand Cross of the Imperial Order of Paullownia, Minister President of State, and Viscount MUTSU MUNEMITSU, Junii, First Class of the Imperial Order of the Sacred Treasure, Minister of State for Foreign Affairs, the Plenipotentiaries of His Majesty the Emperor of Japan; and LI HUNG-CHANG, Plenipotentiary of His Majesty the Emperor of China, Senior Tutor to the Heir Apparent, Senior Grand Secretary of State, Minister Superintendent of Trade for the Northern Ports of China, Viceroy of the province of Chihli, and Earl of the First Rank, have concluded the following Convention of Armistice:

"ARTICLE I. The Imperial Governments of Japan and China agree to enforce an Armistice between their respective military and naval forces, in the provinces of Fêngtien, Chihli, and Shantung, subject to the provisions contained in the following Articles.

"ART. II. The forces affected by this Armistice shall have the right to maintain the positions respectively occupied by them at the time hostilities are actually suspended, but they shall not under any circumstances during the existence of this Armistice advance beyond such positions.

"ART. III. The two Governments engage during the existence of this Convention not to extend, perfect, or advance their attacking works, or to reinforce or in anywise to strengthen, either for offensive or defensive operations, their confronting military lines. But this engagement shall not prevent either Government from making any new distribution or arrangement of troops not intended to augment or strengthen the armies now actually in the field and engaged in active military operations.

"ART. IV. The movement of troops and the transportation of military supplies and all other contraband of war by sea shall be subject to the ordinary rules of war, and shall consequently be liable to hostile capture.

"ART. V. This Armistice shall be enforced by the Imperial Governments of Japan and China for the period of 21 days from the date of the signature of this Convention.

"In those localities occupied by the troops of the two Governments to which there is no telegraphic communication, the quickest possible means shall be employed in issuing the orders for the Armistice, and the respective Commanders of the two countries shall, upon receipt of such orders, announce the fact to each other and take steps to enforce the Armistice.

"ART. VI. This Armistic shall terminate, without notice on either side, at midday on the 20th day of the 4th month of the 28th year of MEIJI, corresponding to the 26th day of the 3rd month of the 21st year of KUANG HSÜ. If in the meantime the depending negotiations for peace are broken off, this Armistice shall in that case terminate at the same time such negotiations cease.

"In witness whereof the Plenipotentiaries of Japan and China have hereunto set their hands and affixed their seals.

"Done at Shimonoseki, Japan, this 30th day of the 3rd month of the 28th year of MEIJI, corresponding to the 5th day of the 3rd month of the 21st year of KUANG HSÜ.

"COUNT HIROBUMI ITO, [L. S.]
Junii, Grand Cross of the Imperial Order of Paullownia, Minister President of State, Plenipotentiary of His Majesty the Emperor of Japan.

"VISCOUNT MUTSU MUNEMITSU, [L. S.]
Junii, First Class of the Imperial Order of the Sacred Treasure, Minister of State for Foreign Affairs, Plenipotentiary of His Majesty the Emperor of Japan.

"LI HUNG-CHANG, [L. S.]
Plenipotentiary of His Majesty the Emperor of China, Senior Tutor to the Heir Apparent, Senior Grand Secretary of State, Minister Superintendent of Trade for the Northern Ports of China, Viceroy of the province of Chihli, and Earl of the First Rank."

No. 2

JAPAN AND CHINA

Convention for the retrocession by Japan to China of the southern portion of the Province of Fêng-Tien (i. e., the Liaotung Peninsula).[1] *—November 8, 1895.*

His Majesty the Emperor of Japan and His Majesty the Emperor of China, desiring to conclude a Convention for the retrocession by Japan of all the southern portion of the province of Fêng-Tien to the sovereignty of China, have for that purpose named as Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan—Baron Hayashi Tadasu, Shoshii, Grand Cross of the Imperial Order of the Sacred Treasure, Grand Officer of the Imperial Order of the Rising Sun, Minister Plenipotentiary and Envoy Extraordinary

and His Majesty the Emperor of China—Li Hung-Chang, Minister Plenipotentiary, Senior Tutor of the Heir-Apparent, Senior Grand Secretary of State and Earl of the First Rank,

Who, after having communicated to each other their full powers, which were found to be in good and proper form, have agreed upon the following Articles:

ARTICLE I.—**Territory retroceded.**—Japan retrocedes to China in perpetuity and full sovereignty the southern portion of the Province of Fêng-Tien, which was ceded to Japan under Article II of the Treaty of Shimonoseki of the 17th day of the 4th month of the 28th year of Meiji, corresponding to the 23rd day of the 3d month of the 21st year of Kuang Hsü, together with all fortifications, arsenals and public property thereon at the time the retroceded territory is completely evacuated by the Japanese forces in accordance with the provisions of Article III of this Convention, that is to say, the southern portion of the Province of Fêng-Tien from the mouth of the River Yalu to the mouth of the River An-ping, thence to Feng Huang Ch'êng, thence to Haicheng, and thence to Ying-kow; also all cities and towns to the south of this boundary and all islands appertaining or belonging to the Province of Fêng-Tien situated in the eastern portion of the Bay of Liao-Tung and in the northern part of the Yellow Sea. Article III of the said Treaty of Shimonoseki is in consequence suppressed, as are also the provisions in the same Treaty with reference to the conclusion of a Convention to regulate frontier intercourse and trade.

II.—**Compensation in lieu of territory.**—As compensation for the retrocession of the southern portion of the Province of Fêng-Tien, the Chinese Government engage to pay to the Japanese Government 30,000,000

[1] MACMURRAY, vol. I, p. 50. Printed also in ROCKHILL, p. 26, *B. & F. State Papers*, vol. 87, p. 1195; *Recueil*, p. 89; HERTSLET, p. 370, and *American Journal of International Law*, Supplement, 1907, p. 384.

Kuping taels on or before the 16th day of the 11th month of the 28th year of Meiji, corresponding to the 30th day of the 9th month of the 21st year of Kuang Hsü.

III.—**Mode of payment.**—Within three months from the day on which China shall have paid to Japan the compensatory indemnity of 30,000,000 Kuping taels provided for in Article II of this Convention, the retroceded territory shall be completely evacuated by the Japanese forces.

IV.—**Immunity to inhabitants.**—China engages not to punish in any manner nor to allow to be punished those Chinese subjects who have in any manner been compromised in connection with the occupation by the Japanese forces of the retroceded territory.

V.—**English text authoritative.**—The present Convention is signed in duplicate, in the Japanese, Chinese, and English languages. All these texts have the same meaning and intention, but in case of any differences of interpretation between the Japanese and Chinese texts, such differences shall be decided by reference to the English text.

VI.—The present Convention shall be ratified by His Majesty the Emperor of Japan and His Majesty the Emperor of China, and the ratifications thereof shall be exchanged at Peking within twenty-one days from the present date.[1]

In witness whereof the respective Plenipotentiaries have signed the same and have affixed thereto the seal of their arms.

Done at Peking, this 8th day of the 11th month of the 28th year of Meiji, corresponding to the 22nd day of the 9th month of the 21st year of Kuang Hsü.

[L. S.] HAYASHI TADASU.
[L. S.] LI HUNG-CHANG.

PROTOCOL

In view of the insufficiency of time to effect a formal exchange of the ratifications of the Convention between Japan and China signed this day respecting the retrocession of the Peninsula of Fêng-Tien, before the date named in the said Convention for certain stipulations thereof to take effect, the Government of His Majesty the Emperor of Japan and the Government of His Majesty the Emperor of China, in order to prevent the possibility of delay in putting into execution the several provisions of the said Convention, have, through their respective Plenipotentiaries, agreed upon the following stipulations:

The Governments of Japan and China shall, within the period of five days after the date of this Protocol, announce to each other through the undersigned, their respective Plenipotentiaries, that the said Convention has received the approval of His Majesty the Emperor of Japan and His Majesty the Emperor of China, respectively, and thereupon the said Convention in

[1] Ratifications exchanged at Peking, November 29, 1895.

all its parts shall come into operation as fully and effectually as if the ratifications thereof had actually been exchanged.

In witness whereof the respective Plenipotentiaries have signed the same, and have affixed thereto the seal of their arms.

Done at Peking, this 8th day of the 11th month of the 28th year of Meiji, corresponding to the 22nd day of the 9th month of the 21st year of Kuang Hsü.

[L. S.] HAYASHI TADASU.
[L. S.] LI HUNG-CHANG.

Note

In connection with this convention see the treaty of peace between China and Japan of April 17, 1895 (No. 1, *ante*); see also the convention for the lease of the Liaotung Peninsula to Russia, March 27, 1898 (No. 4, *post*), and Article 5 of the treaty of peace between Russia and Japan, September 5, 1905 (No. 12, *post*).

HERTSLET (p. 369) also gives the following translation of a Japanese proclamation dated May 10, 1895:

Japanese Imperial Proclamation regarding Retrocession of Liaotung Peninsula.—May 10, 1895

"We recently, at the request of the Emperor of China, appointed Plenipotentiaries for the purpose of conferring with the Ambassadors sent by China and of concluding with them a Treaty of Peace between the two Empires. Since then the Governments of the two Empires of Russia and Germany and of the French Republic, considering that the permanent possession of the ceded districts of the Fêng-Tien Peninsula by the Empire of Japan would be detrimental to the lasting peace of the Orient, have united in a simultaneous recommendation to our Government to refrain from holding these districts permanently.

"Earnestly desirous as we always are for the maintenance of peace, nevertheless we were forced to commence hostilities against China for no other reason than our sincere desire to secure for the Orient an enduring peace. The Governments of the three Powers are, in offering their friendly recommendation, similarly actuated by the same desire, and we, out of our regard for peace, do not hesitate to accept their advice. Moreover, it is not our wish to cause suffering to our people, or to impede the progress of the national destiny by embroiling the Empire in new complications, and thereby imperiling the situation and retarding the restoration of peace.

"China has already shown, by the conclusion of the Treaty of Peace, the sincerity of her repentance for her breach of faith with us, and has made manifest to the world our reasons and the object we had in view in waging war with that Empire.

"Under these circumstances we do not consider that the honour and dignity of the Empire will be compromised by resorting to magnanimous measures, and by taking into consideration the general situation of affairs.

"We have therefore accepted the advice of the friendly Powers and have commanded our Government to reply to the Governments of the three Powers to that effect.

"We have specially commanded our Government to negotiate with the Chinese Government respecting all arrangements for the return of the peninsular districts. The exchange of the ratifications of the Treaty of Peace has now been concluded, the friendly relations between the two Empires have been restored, and cordial relations with all other Powers have been strengthened.

"We therefore command all our subjects to respect our will, to take into careful consideration the general situation, to be circumspect in all things, to avoid erroneous tendencies, and not to impair or thwart the high aspirations of our Empire.

(Imperial sign-manual.)

"(Countersigned by all the Ministers of State.)

"May 10, 1895."

In *Recueil* (p. 63) are printed the French texts of several documents, the tenor of which is sufficiently indicated by the following translation of an identic note addressed to the Japanese Ministry for Foreign Affairs by the French, German and Russian Ministers on October 18, 1895, and acknowledged by it under date of the following day:

Identic Note of French, German and Russian Ministers to Japanese Minister for Foreign Affairs regarding Retrocession of Liaotung Peninsula.—October 18, 1895

"The undersigned Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Russia has not failed to bring to the knowledge of his Government the two Declarations that His Excellency the Marquis Saionzi, Acting Minister for Foreign Affairs, has made to him in the name of his Government, namely:

"A—Under date of July 19th: 'That the Government of His Majesty the Emperor of Japan recognizes the Straits of Formosa as being a great sea highway of the nations, and that those Straits are in consequence beyond its exclusive control or appropriation. The Government of His Majesty the Emperor of Japan binds itself not to cede to any Power the Islands of Formosa and the Pescadores';

"and B—Under date of October 7th: 'That the Government of His Majesty the Emperor of Japan has decided (1) to reduce to thirty million taels the amount of the indemnity in compensation for the retrocession of the Liaotung (Fêng-Tien) Peninsula, and (2) not to make the conclusion of the Treaty of commerce and navigation with China a condition of the evacuation of the said Peninsula; and to effect such evacuation within a period of three months from the date of the full payment by China of the said indemnity of thirty million taels.'

"The undersigned has been advised that the Government of his August Master, His Majesty the Emperor, taking note of the Declarations above cited, can only felicitate the Government of His Majesty the Emperor of Japan upon this new proof of its wisdom and moderation.

"In bringing the foregoing, under the instruction of his Government, to the knowledge of His Excellency the Acting Minister for Foreign Affairs, the undersigned begs him to be so good as to acknowledge the receipt of the present note, and avails himself of this occasion to renew to him the assurance of his highest consideration.

"Tokyo, October 6/18, 1895.

"(Sgd.) HITROVO."

No. 3

RUSSIA (Russo-Chinese Bank)[1] AND CHINA

Contract for the Construction and Operation of the Chinese Eastern Railway.[2]—September 8, 1896

Between the undersigned, His Excellency Shu King-chen, Minister Plenipotentiary of His Majesty the Emperor of China, at St. Petersburg, acting by virtue of an Imperial Edict, dated Kuang Hsü, 22nd year, 7th month, 20th day (August 16/28, 1896), of the one part, and the Russo-Chinese Bank, of the other part, it has been agreed as follows:

The Chinese Government will pay the sum of five million Kuping taels (Kuping Tls.5,000,000.) to the Russo-Chinese Bank, and will participate in proportion to this payment in the profits and losses of the bank, on conditions set forth in a special contract.

[1] See Note 1 to this document, *post*, p. 17.

[2] MACMURRAY, vol. I, p. 74, translation from the French text as printed in *Soglashenia*, p. 4. French text printed also in CUSTOMS, vol. I, p. 208; KENT, p. 211; WANG, p. 1. See Note 2 to this document, *post*, p. 27.

The Chinese Government having decided upon the construction of a railway line, establishing direct communication between the city of Chita and the Russian South Ussuri Railway, entrusts the construction and operation of this railway to the Russo-Chinese Bank upon the following conditions:

1.—The Russo-Chinese Bank will establish for the construction and operation of this railway a company under the name of the Chinese Eastern Railway Company.[1]

The seal which this Company will employ will be given to it by the Chinese Government. The statutes of this Company will be in conformity with the Russian usages in regard to railways. The shares of the Company can be acquired only by Chinese or Russian subjects. The president of this company will be named by the Chinese Government, but paid by the Company. He may have his residence in Peking.

It will be the duty of the president to see particularly to the scrupulous fulfillment of the obligations of the Bank and of the Railway Company towards the Chinese Government; he will furthermore be responsible for the relations of the Bank and of the Railway Company with the Chinese Government and the central and local authorities.

The president of the Chinese Eastern Railway Company will likewise be responsible for examining all accounts of the Chinese Government with the Russo-Chinese Bank.

To facilitate local negotiations, the Russo-Chinese Bank will maintain an agent at Peking.

2.—The route of the line will be determined by the deputies of the president (named by the Chinese Government) of the Company, in mutual agreement with the engineers of the Company and the local authorities. In laying out this line, cemeteries and tombs, as also towns and villages, should so far as possible be avoided and passed by.

3.—The Company must commence the work within a period of twelve months from the day on which this contract shall be sanctioned by imperial decree, and must so carry it on that the whole line will be finished within a period of six years from the day on which the route of the line is definitely established and the lands necessary therefor are placed at the disposal of the Company. The gauge of the line should be the same as that of the Russian railways (5 Russian feet—about four feet, two and one-half inches, Chinese).

4.—The Chinese Government will give orders to the local authorities to assist the Company to the extent of their ability in obtaining, at current prices, the materials necessary for the construction of the railway, as also laborers, means of transport by water and by land, the provisions necessary for the feeding of men and animals, etc.

[1] See Note 3 to this document, *post*, p. 34.

The Chinese Government should, as needed, take measures to facilitate such transportation.

5.—The Chinese Government will take measures to assure the safety of the railway and of the persons in its service against any attack.

The Company will have the right to employ at will, as many foreigners or natives as it may find necessary for the purpose of administration, etc.

Criminal cases, lawsuits, etc., upon the territory of the railway, must be settled by the local authorities in accordance with the stipulations of the treaties.[1]

6.[2]—The lands actually necessary for the construction, operation, and protection of the line, as also the lands in the vicinity of the line necessary for procuring sand, stone, lime, etc., will be turned over to the Company freely, if these lands are the property of the State; if they belong to individuals, they will be turned over to the Company either upon a single payment or upon an annual rental to the proprietors, at current prices. The lands belonging to the Company will be exempt from all land taxes (*impôt foncier*).

The Company will have the absolute and exclusive right of administration of its lands. (*La Société aura le droit absolu et exclusif de l'administration de ses terrains.*)

The Company will have the right to construct on these lands buildings of all sorts, and likewise to construct and operate the telegraph necessary for the needs of the line.[3]

The income of the Company, all its receipts and the charges for the transportation of passengers and merchandise, telegraph, etc., will likewise be exempt from any tax or duty. Exception is made, however, as to mines, for which there will be a special arrangement.

7.—All goods and materials for the construction, operation, and repair of the line, will be exempt from any tax or customs duty and from any internal tax or duty.

8.—The Company is responsible that the Russian troops and war material, despatched in transit over the line, will be carried through directly from one Russian station to another, without for any pretext stopping on the way longer than is strictly necessary.

9.[4]—Passengers who are not Chinese subjects, if they wish to leave the territory of the railway, should be supplied with Chinese passports. The

[1] See Note 4 to this document, *post*, p. 39.

[2] See Note 5 to this document, *post*, p. 41.

[3] See the Agreement of October 7, 1907, in regard to the working of the Railway's telegraph lines (MacMurray, vol. I, p. 679).

[4] In connection with Article 9, it is to be noted that under date of August 7, 1917, the Russian Legation at Peking addressed to the Legations of other friendly nations there a *note verbale* requesting their assent to an extension of the passport control exercised by the Russian authorities within the zone of the Chinese Eastern Railway, as a temporary measure necessitated by conditions arising out of the war. See MacMurray, vol. I, p. 90.

Company is responsible that passengers, who are not Chinese subjects, should not leave the territory of the railway if they do not have Chinese passports.

10.—Passengers' baggage, as well as merchandise despatched in transit from one Russian station to another, will not be subject to customs duties; they will likewise be exempt from any internal tax or duty. The Company is bound to despatch such merchandise, except passengers' baggage, in special cars, which, on arrival at the Chinese frontier, will be sealed by the office of the Chinese Customs, and cannot leave Chinese territory until after the office of the Customs shall have satisfied itself that the seals are intact; should it be established that these cars have been opened on the way without authorization, the merchandise would be confiscated.

Merchandise imported from Russia into China by the railway, and likewise merchandise exported from China into Russia by the same route, will respectively pay the import and export duty of the Chinese Maritime Customs, less one-third.

If merchandise is transported into the interior it will pay in addition the transit duty—equivalent to a half of the import duty collected—which frees it from any further charge.

Merchandise not paying the transit tax will be subject to all the barrier and likin duties imposed in the interior.

The Chinese Government must install customs offices at the two frontier points on the line.[1]

11.—The charges for the transportation of passengers and of merchandise, as well as for the loading and unloading of merchandise, are to be fixed by the Company, but it is obliged to transport free of charge the Chinese official letter post, and, at half price, Chinese land or sea forces and also Chinese war materials.

12.—The Chinese Government transfers to the Company the complete and exclusive right to operate the line on its own account and risk, so that the Chinese Government will in no case be responsible for any deficit whatsoever of the Company, during the time allotted for the work and thereafter for a further eighty years from the day on which the line is finished and traffic is in operation. This period having elapsed, the line, with all its appurtenances, will pass free of charge to the Chinese Government.

At the expiration of thirty-six years from the day on which the entire line is finished and traffic is in operation, the Chinese Government will have the right to buy back this line upon repaying in full all the capital involved, as well as all the debts contracted for this line, plus accrued interest.[2]

[1] See the experimental regulations for the establishment of customs houses in North Manchuria, agreed upon by an exchange of notes between the Chinese and Russian Governments, July 6 and 8, 1907 (No. 19, *post*), and the provisional regulations for the working of Chinese customs houses at the stations of Manchuria and Pogranichnaya (Suifenho), May 30, 1908 (MacMurray, vol. I, p. 651).

[2] See Note 6 to this document, *post*, p. 41.

If—in case the profit realized exceeds the dividends allowed to the shareholders—a part of such capital is repaid, that part will be deducted from the price of repurchase. In no case may the Chinese Government enter into possession of this line before the appropriate sum is deposited in the Russian State Bank.

The day when the line is finished and traffic is in operation, the Company will make to the Chinese Government a payment of five million Kuping taels (Kuping Tls. 5,000,000).

Kuang Hsü, 22nd year,
8th month, 2nd day.
(Signed) SHU.

Berlin, August 27/September 8, 1896.

RUSSO-CHINESE BANK
(Signed) ROTHSTEIN.
(Signed) PRINCE OUKHTOMSKY.

Note 1

The Russo-Chinese Bank was subsequently merged with the Banque du Nord under the name of the Russo-Asiatic Bank (*Banque Russo-Asiatique*) by a charter approved by the Russian Minister of Finance on July 30/August 12, 1910 (*Sobranie Uzakonenii i Rasporyazhenii Pravitelstva,* § 719, October 2/15, 1910, No. 96, Section 1). A translation of the original charter of the Russo-Chinese Bank, under date of December 10/22, 1895 (published at St. Petersburg in 1904 and certified as conforming to the Russian original by the representative of the Russian Ministry of Finance in London) is here reproduced:

Charter of the Russo-Chinese Bank.—December 22, 1895

PART I. ORGANIZATION AND CAPITAL OF THE BANK

§1. In virtue of the present Charter, a Joint-Stock Company is formed in order to found a Bank, for transacting commercial operations in the East-Asiatic countries, under the name of "Russo-Chinese Bank."

The Bank will transact the above operations through its branches, which will be opened in the above named countries, and through its agents.

The Board of Directors of the Bank (§27) and the Managing-Directors (§34) will be domiciled in St. Petersburg where a special Russian branch will be established in order to enable the Bank to place in Russia a part of its capital or funds temporarily unemployed; this branch will have the right to effect the transactions mentioned in Part II, §14.

Remark. The Society is founded by:
Prince Hespère Oukhtomsky.
René Brice, member of the Board of Directors of the Crédit Lyonnais.
State-Counsellor Jean Goldstand,
Baron Rodolphe Hottinguer,
Ernest Denormandie,
Edouard Noetzlin,
Adolphe Rothstein,
Jacques Stern.

§2. The Board of Directors of the Bank has the right, in accordance with the decisions taken by the General Meetings of shareholders, which are held in St. Peters-

burg, and with the authorization of the Minister of Finance, to open Branches in Russia and abroad where this may be necessary. The management and the transactions of each branch will be stipulated by the Board of Directors of the Bank with the approval of the General Meetings of shareholders on the exact basis of the present Charter. The operations of the branches of the Bank are guaranteed by the entire paid up Capital of the Bank, its reserves as well as by all its other assets.

§3. The Bank is founded for an unlimited period.

§4. The capital of the Bank is fixed originally at six millions Gold Roubles. This capital, formed by the issue of 48000 shares of 125 gold roubles each, may be later on increased by means of new issues of shares of the same nominal value (125 gold roubles) to be decided upon by the General Meeting of shareholders and with the authorization of the Minister of Finance.

Remark 1. By the Capital of the Bank is understood the amount of money actually paid in.

Remark 2. In compliance with the decision taken by General Meeting of shareholders on the 27-th of June 1898 and with the authorization of the Minister of Finance, the capital of the Bank has been increased from the 1st of January 1899 by Rs. 2,250,000.—through the issue of 12,000 additional shares of a nominal value of Rs. 187,50 each.

Remark 3. In compliance with the decision taken by the General Meeting of shareholders on the 22-nd of June 1902 and with the authorization of the Minister of Finance, the capital of the Bank has been increased by Rs. 3,750,000—through the issue of 20,000 additional shares of a nominal value of Rs. 187,50 each.

§5. The founders of the Bank designated in the Remark to §1, and the first subscribers to the shares, shall have, during a period of thirty years to begin from the date of the sanctioning of this Charter, the right to reserve to themselves, at the price of issue which shall be fixed by the General Meeting of Shareholders with the authorization of the Minister of Finance, the fourth part of all the shares, the issue of which may subsequently be decided upon in accordance with §8. For this purpose there shall be created, in representation of the said right, Founders Certificates to be issued in proportion of one certificate for every ten shares. The Bank shall issue in all 4800 Founders Certificates. At the expiration of thirty years to begin from the day of the foundation of the Bank, the rights, conferred by said certificates to the founders and to the first subscribers, shall cease and shall be transfered to the shareholders. The Founders Certificates do not give a right of vote and their holders have to abide with all decisions of the General Meetings of shareholders.

§6. The Bank must begin its operations not later than six months after the sanction of the present Charter and only after having presented to the Minister of Finance a certificate proving the payment of 25% of the par value on each share of the original capital of 6 millions gold roubles (i. e. one million five hundred thousand gold roubles). In order to carry out this provision, payments made to this extent shall, as soon as effected, be deposited with the State-Bank. Concerning the 75% remaining to be called for, it is left to the decision of the Board of Directors of the Bank to fix the amount and the periods at which such payments have to be made. For this purpose the Board of Directors shall upon each occasion make the necessary publications, at least one month before the periods fixed, in the "Messager Officiel," the "Gazette de Moscou" and the "Messager des Finances, de l'Industrie & du Commerce," as also in other Russian and foreign newspapers, chosen by the Board. The capital has to be paid in within two years after the opening of the Bank.

§7. After payment of the first 25% of the par value of the shares, the founders shall deliver to the subscribers temporary certificates upon which the Board shall annotate the subsequent payments. Upon payment of the last instalment, the temporary certificates shall be exchanged for shares.

§8. The General Meeting of shareholders, in deciding, according to §4, the issue of new shares, not below the par value, for the purpose of increasing the capital of the Bank, shall stipulate every time the number of shares intended to be issued and their mode of allotment among shareholders, with exception of those shares which, according to §5, have been taken by the holders of Founders Certificates. The General Meeting shall also determine the conditions of subscription for the remaining shares not disposed of and shall fix the amounts and the dates of payments to be made, provided however, that all these payments are made within one year.

§9. The temporary certificates shall be delivered to the first subscribers who are responsible for their full payment. They may be transfered to third parties, but only on condition that their transfer shall be made with the consent of the Board of Directors and that the transfer be registered in the books of the Bank. The consent given by the Board to the transfer of the temporary certificates, relieves the subscriber or the person making such transfer, from the obligation of effecting the payments still remaining due upon the said certificates. The temporary certificates, upon which due payments have not been made and duly annotated, can neither be transferred nor ceded to third parties.

§10. If due installments are not paid by the subscribers within the period fixed and published by the Board, they will be liable to pay to the Bank 5% per annum as interest for each day's delay, besides a fine of 5%. The numbers of the certificates, upon which payment shall not have been made at the latest within one month after the fixed period, shall be published in the "Messager Officiel," the "Gazette de Moscou," the "Messager des Finances, de l'Industrie & du Commerce" and in other Russian and foreign newspapers designated by the Board of Directors; if within two weeks after this publication the payment shall not have been made, it will be the duty of the Bank to sell the certificates bearing such numbers. Such certificates, after the expiration of all terms of payments, shall then be declared cancelled and to the new purchasers shall be delivered duplicates bearing the same numbers, with inscription thereon stating that these certificates are delivered instead of those upon which the payments have not been made at the fixed terms. The proceeds of the sale, after deducting expenses, interest and fine, shall be applied to the payment of the instalment not made in due time by the defaulting owners of these certificates; any balance remaining shall be repaid to them.

Remark. The regulations established by §9 & 10, shall be inserted in the text of the temporary certificates.

§11. The shares of the Bank, can be registered or to bearer, as may be desired by the shareholders. All the shares must be detached from a book containing a stub, in which the stub shall remain; they shall be numbered and shall bear the signatures of three members of the Board and of the accountant, as likewise the seal of the Bank. Each share shall have a sheet of coupons for ten years. On expiration of this term, will be delivered to the holder of the shares a new sheet of coupons.

§12. The transfer of shares issued to bearer may be made without endorsement and the Bank shall always recognize as owner of the share the person having it in his possession. The transfer of registered shares shall be made by notification given to the Board and upon presentation of the shares, on which the Board shall certify the transfer to the new owner.

§13. In case of the death of a shareholder, his rights pass to his heirs by law or by will; but in no case can a share be divided. In case of the loss of a share to bearer, publications shall be inserted during three years in Russian and foreign newspapers, at the expense of the person who has presented to the Board of Directors satisfactory proofs of ownership of the lost shares. These publications shall be made at the same time as those announcing the payment of dividends upon the shares of the Bank. If within three years, nobody shall claim the lost shares, these latter shall be replaced by duplicates which shall remain deposited with the Bank for five years more. Upon the expiration of this latter period, final publication shall be made and six months after this publication, the duplicates shall be delivered to the person who has made the declaration of ownership.

Part II. Operations of the Bank

§14. The object of the Russo-Chinese Bank is exclusively to develop the commercial relations with the East-Asiatic countries. The Bank will have the right to transact in these countries through its branches and with the authorization of the governments of the respective countries, the following operations:

1) The discount and re-discount of bills of exchange and other commercial papers maturing within one year.

2) The purchase and the sale, for its own account and for the account of private persons and commercial firms, of goods and stocks of every description, as shares, bonds, etc.

Remark. The total amount of goods or securities not guaranteed by European States of prime order and purchased by the Bank for its own account, shall not exceed one quarter of the paid up capital of the Bank.

3) The purchase and the sale, for its own account or on commission for account of third parties, of precious metals in bullion or coin, of drafts, of transfers and of credits of every kind.

4) The opening of subscriptions for public loans and for issues of bonds and stocks.

5) The forwarding by sea, river and land of goods & the acceptance of goods as collateral for advances made, the issue of warrants, in compliance with the conditions stated in 11-b) section 1 of the present article.

6) The acceptance of bills of exchange with or without guarantee, according to the rules specified in the remark to 11-a) section 1 of the present article.

7) The opening of accounts for the deposit of money for limited or unlimited time as well as of simple current accounts.

8) The deposits and safe keeping of all kinds of securities and other valuables against a fixed commission.

9) The issue of bank notes in Taels, Dollars, Pounds Sterling and in other currency of the country, for an amount not to exceed the paid up capital and the reserves of the Bank.

The said banknotes shall be issued to bearer and to be redeemed on demand by the Bank or by those of its branches which have issued same.

Remark. The Bank must always have in reserve, an amount in cash not less than one third of the amount of banknotes in circulation.

10) The collection of duties in the Empire of China, and the transactions relating to the State treasury of the respective place, the coinage, with the authorization of the Chinese Government, of the country's money, the payment of the interest on loans, concluded by the Chinese Government, the acquisition of concessions for the construction of railways within the boundaries of China and the establishment of telegraph lines.

11) The loans and the opening of credits for a term not exceeding one year:

a) against the deposit of Government securities and parts, shares and bonds of private corporations at a valuation not exceeding 90% of their market value.

Remark. In special cases, the Bank shall have the right to open to its customers, credits without special guarantee, but upon condition that the total sum of such credits shall not exceed one half of the capital (actually paid in) and of the reserve capital of the Bank, and that the opened credits shall not exceed a period of 4 months, at the expiration of which the Bank must, if the advances made are not refunded or guaranteed by collateral in conformity with the present Charter begin proceedings against the debtors to enforce payment. The members of the Board or the managers of the branches of the Bank, to whom the Board of Directors shall have given the right in question, are responsible for the adoption of measures to carry this into effect.

The Board has the right to extend in certain cases the said credits without special guarantee, for a term not exceeding one year. The rules, under which these extensions shall be granted, have to be submitted to the approval of the Minister of Finance of Russia.

b) against bills of lading, warrants, receipts of forwarding companies, of railroad companies and of steamship societies, for goods not perishable or subject to easy depreciation, up to an amount not exceeding 80% of the value of these goods, upon condition that they should be insured for at least 10% above the amount of the loan and for a term exceeding at least one month the term of the loan, and on condition that the policies will be deposited with the Bank.

Remark. Advances against tea can be made up to 90% of its value.

c) against deposit of precious metals not above their market value.

d) against deposits of goods not perishable or subject to easy depreciation, to an amount not exceeding 80% of their value, upon condition that they be stored in fireproof and perfectly safe warehouses, that they be insured against fire for at least 10%

above the amount of the loan demanded and for a period exceeding at least one month the term of the loan, that the policies be deposited with the Bank and that the rent of the warehouse be paid for a term which shall exceed by at least one month the period of the loan against the goods.

12) The insurance of goods against fire and accidents.

13) The purchase and the sale of real estate for account of third parties.

Remark. The purchase and sale of real estate in China are only allowed in the places open to foreign trade.

14) Every other credit-operation not mentioned in the preceding sections of the present article and in conformity with the customs and laws of the respective countries but only upon unanimous decision of the Board of Directors with the approval of the Minister of Finance of Russia.

II. Within the limits of the territory of the Russian Empire, the Bank has only the right of transacting the following operations:

1) The discount of Russian and foreign drafts and all other commercial papers for a term not exceeding nine months, as well as the rediscount of drafts and papers discounted by the Bank and endorsed by the Bank.

2) The purchase and sale for account of third parties and for its own account of all kinds of securities, issued or guaranteed by the Government and of mortgage securities; the purchase and sale of securities issued or guaranteed by foreign countries. For other securities than those issued by the french, english or german governments, a preliminary authorization from the Minister of Finance must in each case be obtained.

3) The collection of bills of exchange and other commercial papers or obligations matured as well as stocks remitted to the Bank.

4) Payments for account of third parties or companies, in the places in which there are branches or representatives of the Bank, upon condition that these payments be secured in advance either by the balance of current-account with the Bank of the parties or Companies, at whose orders payments will be made, or by deposits of collateral in safe and good securities.

5) The transfer of money in all cities of Russia or of foreign countries in which there are branches or representatives of the Bank.

6) The purchase and the sale for its own account or by order of third parties of precious metals in bullion or in coin, of drafts and transfers upon the interior and upon foreign countries, of certificates issued by mining departments for the receipt of gold in accordance with the mining regulations.

7) The issue of drafts, of transfers and of credits upon all parts of Russia and foreign countries.

8) The opening of subscriptions for public loans and for emissions of bonds and stocks, upon condition that they be approved every time by the Minister of Finance.

9) To give acceptance to drafts issued, on the Bank by its customers, against or without collateral.

10) The forwarding by sea, river and land of goods and the acceptance of goods as collateral for advances, with issue of warrants, but exclusively for business transactions relating to Eastern Asia.

11) The purchase and sale of goods, if that purchase and sale derives from the commercial operations in Eastern Asia.

Remark. The branches of the Bank in Vladivostok or in other places of Eastern Siberia will be permitted to enlarge the scope of their operations, which will be stipulated by the Minister of Finance at the time when the Board of Directors shall demand the authorization to open these branches.

III. The branches of the Bank established in European countries, Russia excepted, may carry on the operations authorized by the laws of the respective countries.

§15. The Bank may discount drafts, bills of exchange and all other commercial paper payable at definite terms bearing at least two signatures. The Bank may discount drafts bearing one signature if they are secured by deposits of stocks, precious metals or goods as collateral according to clause 11, section I of §14.

§16. The Bank may deliver, against sums deposited with it, certificates of deposit bearing interest or without any interest; these certificates shall be exclusively to order and transferable to third parties only by endorsement and such transfers have to be registered in the books of the Bank.

§17. The certificates of deposit of the Bank for sums deposited with it, as well as its shares may be accepted in Russia as collateral by all institutions of the State, at the price which shall be fixed by the Minister of Finance.

§18. If the borrower should not pay at maturity the amount due by him to the Bank for loans or credits secured by deposits of goods, stocks, etc., as collateral, this collateral shall be immediately sold, for account of the debtor, at public auction, without any notification to the debtor and without any judicial procedure. Such sale does not deprive the Bank of the right to bring proceedings for the payment of the balance remaining uncovered in accordance with the existing laws.

§19. The sums deposited with the Bank or placed there in account-current cannot be arrested or sequestrated except by due process of law. In such cases, the certificates of deposit, or the accountbooks delivered by the Bank must be presented to the Bank.

§20. The metals and other goods, the bills of lading, the receipts of forwarding companies, of railroad companies & of steamship societies, the stocks of every kind and other effects given to the Bank as security for advances, cannot be arrested nor sequestrated for the settlement of private or Government claims, until the Bank shall first reimburse itself for the sums advanced against these deposits, the interest thereon, fines and other expenses.

The sale of collateral for the recovery of amounts due to the Bank cannot, therefore, be stopped by any judicial measure.

§21. The total amount of the sums received by the Bank on deposit or in account-current, of commercial paper re-discounted, notes emitted and of all the other liabilities contracted by it, shall in no case exceed ten times the paid up capital of the Bank and its reserve.

§22. The credit opened for each customer of the Bank, shall not exceed a sum equal to one tenth part of the paid up capital of the Bank. The amount of this credit may be increased upon a decision of the Board of Directors approved by the Minister of Finance of Russia.

§23. The cash reserves of the Bank together with its deposits on current account with other Banks shall not be less than 10% of the liabilities of the Bank. These reserves may be used in urgent cases, solely for the purpose of meeting the liabilities contracted by the Bank, upon condition, however, that the Bank shall take measures at once for restricting its loans and operations of discount.

§24. The Bank is prohibited to purchase its own shares and grant loans upon them.

§25. The Bank is only allowed to purchase such real estate as may be necessary for the use of the Bank or of its branches and for the construction of warehouses.

Part III. Board of Directors

§26. The management of the Bank shall be entrusted to the Board of Directors.

§27. The Board of Directors of the Bank shall be composed of eleven members at most, elected by the General Meetings of shareholders, and their nomination shall be confirmed by the Minister of Finance.

Remark. For the first time, the President and the members of the Board shall be elected by the founders of the Bank.

§28. Any person elected a member of the Board must, upon entering the duties of his office, own at least 100 shares of the Bank, which shall be in custody of the Board and cannot be withdrawn until the General Meetings of shareholders shall have approved the account of operations carried on during the whole period during which he acted as a member of the Board.

§29. The members of the Board elected by the General Meetings shall remain in office for three years; at the expiration of this term and during the three following years, three members shall retire each year, either by agreement, or chosen by lot, and they shall be replaced by way of election by other members. Afterwards, three members shall retire each year, according to the seniority of their election.

Remark. The retiring members can be re-elected.

§30. After its formation, the Board shall elect from among its members, a president, who, in case of absence, shall be replaced by another member of the Board also

by election. After each Annual General Meeting the Board proceeds to the election of a president.

§31. In case a member of the Board should resign before the expiration of the term for which he was elected, in his stead will be elected, at the next General Meeting of shareholders, a new member upon the proposition of the Board, for the unexpired term of office of the retiring member. If, in consequence of resignation or temporary absence of its members, the Board should be reduced to less than four members, it has to designate a temporary member until the next General Meeting of shareholders or until the return of the absentee.

§32. In order to be valid, the decisions of the Board must be taken by three members at least, personally present or participating in the deliberations by telegraphic or postal communication. The decisions are carried by simple majority of votes. In case of a tie, the vote of the president is decisive.

§33. The duties of the Board include:

a) the keeping of the registry of the shares;

b) the management of all the business of the Bank;

c) the appointment of Managing-Directors and Vice-Directors of the Head Office, of Directors of the branches of the Bank and the nomination of representatives;

d) the correspondence with the authorities and functionaries, according to the customs and the laws of the respective countries for all matters which do not concern the current operations of the Bank;

e) the presentation of the report, at the end of each year, on the operations and position of affairs of the Bank, and of the budget of expenses for the next year.

f) the examination of the proper means of developing the operations of the Bank;

g) the general supervision of the business of the Bank; the revision of the operations of the managing Directors by members of the Board designated each time specially, or by other persons authorised by the Board;

h) the examination of all questions concerning business matters which do not enter into the current operations of the Bank;

i) the preliminary examination of all questions which are to be submitted to the General Meeting of shareholders;

j) the examination of all particularly important questions which may be submitted by Directors to the decision of the Board;

k) the designation of the persons who are to sign all engagements contracted by the Bank and the publication of the decisions in newspapers of St. Petersburg, Moscow and abroad.

§34. The Board of Directors may authorize one or more of its members to conduct the business of the Bank in the capacity of Managing-Director. The duties of Managing-Directors of the Bank or of members of the Board designated for this purpose, include:

a) the conduct of the operations of the Bank upon the basis established by the Board. To that effect, the Managing-Directors receive detailed instructions from the Board;

b) the appointment and the discharge of clerks of the Bank and the fixing of their salaries within the limits of the budget established by the Board;

c) the investment, according to the Charter, of the free resources of the Bank;

d) the fixing of the rate of interest and of commission for all the operations of the Bank;

e) the relations with the local authorities for all the business of the Bank, according to the customs and laws of the respective countries.

§35. The Board, in its capacity of representative of the Bank, will act, under all circumstances, in the name of the latter, without special power of attorney, but no member of the Board shall act separately in the name of the Bank except by virtue of a special power from the Board.

Remark. The powers must be signed by at least 2 members of the Board.

§36. The members of the Board, the Managing-Directors and the Vice-Directors, the Directors of Branches as well as all other persons engaged in the service of the Bank, are bared [*sic*] from discounting their notes in the Bank.

§37. The President and the Members of the Board, as also the Managing-Directors, are not personally responsible for the liabilities of the Bank; but they are responsible, according to the general laws, if they exceed their power or if the Bank suffers losses through their illegal acts or negligence.

§38. The president of the Board, the members of the Board selected to perform the duties of Managing-Directors and the other members of the Board shall receive, for their services a remuneration to be determined by the General Meeting of Shareholders.

§39. The members of the Board as also all the clerks, must keep secret everything regarding the business of the Bank, the matters of commerce and the private accounts, which are entrusted to them.

§40. The Bank shall have a seal, which shall be approved by the Minister of Finance of Russia.

Part IV. General Meetings of Shareholders

§41. All persons possessing shares of the Bank, have the right to assist at the General Meetings, but the right of vote pertains only to the shareholders who have at least 25 shares, those who possess 75 shares have two votes, those who possess 150 shares have three, those who possess 250 shares have four, and above 250 shares each 100 shares give the right to one vote.

In order to have the right to assist at the General Meetings, the holders of shares to bearer must present their shares to the Board not later than one month before the day fixed for the meeting. The holders of registered shares are not obliged to present them, but only those shall be admitted to the meeting whose shares have been inscribed in the registers of the Board not later than one month before the General Meeting.

§42. Shareholders possessing less than 25 shares may unite their shares by collective proxy in order to have the right to one or more votes upon the basis fixed by §41. The shareholder who has in this way obtained the right to vote by the uniting of shares, may receive proxies to vote in the place of other shareholders who are entitled to vote.

§43. An absent shareholder having the right to vote may transfer his right to another voting shareholder; however, no person can have more than two proxies and, in no event more than 20 votes both in his own name and as representing others.

Remark. The proxies for the right of voting shall be in the form of a letter which must be presented to the Board at least 3 days before the General Meeting.

§44. Upon the basis of §41, 42 & 43 there will be drawn up before each General Meeting a list of shareholders having the right to vote; this list shall be printed and distributed among the shareholders upon their entering the meeting; two of the shareholders present will be invited to verify this list and the votes present.

§45. The General Meetings are Ordinary or Extraordinary. The first shall take place annually in June at the latest, the latter shall be called by the Board of Directors of the Bank at its discretion in order to deliberate upon questions which may require an immediate decision.

Remark. If shareholders possessing together fifty votes demand to call an extraordinary General Meeting, it will be the duty of the Board to comply to such demand.

§46. The call for a General Meeting shall be made by the Board by means of publications in the "Messager Officiel," the "Messager des Finances, de l'Industrie et du Commerce," in the "Gazette de Moscou" and in other Russian and foreign newspapers, selected by the Board, at least six weeks before the day fixed for the General Meeting. This publication shall indicate the questions which will be submitted to the deliberation of the shareholders.

§47. The General Meeting is considered as legally constituted if there are present at least 40 shareholders having the right to vote and possessing together at least one fifth of the shares issued by the Bank.—In a contrary case, a second meeting must be called, not sooner however than two weeks after the first. The decision of the shareholders present at this second meeting shall be final, whatever may be their number and the number of shares which they represent, but, only upon questions which were submitted to the first meeting, except in the cases provided for in §49.

§48. The General Meetings shall be presided by a shareholder, chosen by the meeting from the shareholders present at the meeting and no business can be transacted before the election of such president. Until his election however the meeting is presided by the president of the Board or a person acting in his name.

§49. In order to be valid, the decisions of the General Meeting must be adopted by simple majority of votes. The decisions relative to the questions specified in points 4, 5, & 6 of §51 must be adopted by a majority of two thirds of the votes; for those relative to points 5 & 6 of §51, it is necessary moreover that the shareholders present at the meeting should have at least either in their own names or as attorneys, one half of all the shares of the Bank. If these questions cannot be decided in the convened General Meeting nor in a subsequent General Meeting, a third General Meeting shall be convened, whose decision shall be valid without any regard to the number of shareholders present or of votes represented.

§50. The questions submitted to the General Meeting of shareholders shall be examined beforehand by the Board. In case any shareholder should desire to make a proposition or a complaint, even if this latter be directed against the Board, he shall have to present it to the Board. The Board may accept the proposition or reject it. If however the proposition or complaint is presented at least seven days before the General Meeting and is signed by shareholders possessing together fifty votes, it must be submitted by the Board with its conclusion thereon to the decision of the General Meeting.

§51. The following matters are exclusively within the competence of the General Meeting:

1) the election of the members of the Board,
2) the final approval of the balance sheet and of the annual account rendered.

Remark. In order to audit the account rendered and to examine the conduct of operations by the Board of Directors of the Bank, the General Meeting may elect a special commission.

3) The decisions regarding the establishment of Branches of the Bank.
4) The decisions regarding the modifications of the Charter or a complement to the Charter.
5) The decisions regarding the increase of the Capital of the Bank, in accordance with §8.
6) The decisions regarding the closing of the Bank and the winding up of its business.

§52. The General Meeting establishes itself the order in which all elections, to which it must proceed, shall take place.

§53. A General Meeting may deliberate several days, if necessary, but not more than one week. The Meeting itself also fixes the hours of the sessions.

§54. The decisions of the General Meeting rendered according to this Charter shall be obligatory for all the shareholders, whether assenting or not assenting, present or absent.

Part V. Balance Sheet

§55. The business year of the Bank shall begin on the 1st of January and end on the 31st of December, according to the Russian style.

Remark. In case the Bank should be opened after July first, the accounts of that year will be marged with the accounts of the following year.

§56. The balance sheet and the annual report rendered shall be printed at least two weeks before the day fixed for the General Meeting and delivered by the Board of Directors to shareholders who may wish to examine them before the meeting. After the General Meeting, 3 copies of the balance sheet and of the report shall be presented to the Minister of Finance together with the minutes of the proceedings of the meeting.

§57. The balance sheet and the annual report rendered shall be published in the "Messager Officiel," the "Messager des Finances de l'Industrie et du Commerce" and in three newspapers of St. Petersburg, Moscow and Paris.

Remark: The annual reports rendered as well as the monthly balance sheets containing all the operations of the Bank and of its branches, must be submitted to the Ministry of Finance, in three copies. The publication of said reports rendered and balance sheet in the newspapers above mentioned, may with the author-

ization of the Minister of Finance, be made in abbreviated form, indicating only the condition of certain principal accounts.

§58. In the annual balance sheet doubtful debts shall be valued approximatively; Government and other securities shall be valued not above the price at which they were purchased. If however on the day, when the balance sheet is made, the market price of some securities is lower, such securities have to be valued at the market price.

Part VI. Distribution of Profits

§59. From the annual net profits computed after deduction of all expenses and losses, there shall be deducted a sum fixed by the Board to be employed for the remuneration of Managing-Directors and of Vice-Directors of the Bank, as also of the Directors and Vice-Directors of its branches. Besides, at least 10% of the net profits shall be set aside for the ordinary reserve of the Bank (§61). The balance of the net profits, in case it does not exceed 6% of the capital, shall be distributed among the shareholders as dividend. If the balance exceeds 6%, the surplus shall be employed as follows: 15% to the Members of the Board, 5% to the clerks of the Bank, (distributed at the discretion of the Board), and the remaining 80% as dividend to shareholders, or assigned to the formation of a special reserve, if the General Meeting should find it desirable.

§60. The payment of dividend is made after preliminary publication and against delivery of coupons. Dividends, unclaimed during ten years since they are due, shall become the property of the Bank. No interest will be allowed on unclaimed dividends.

Remark. The part of the net profits obtained upon the operations of the Bank in foreign countries by its branches shall not be subject to the taxes imposed upon the net profits of joint-stock companies in Russia.

Part VII. Ordinary and Special Reserve Capital

§61. The ordinary reserve capital of the Bank, destinated to cover possible losses resulting from operations, is formed by the sums retained each year for this purpose (§59), as well as by interests thereon. The formation of this capital shall continue until it reaches an amount equal to the half of the capital of the Bank. To this effect there shall be set aside 10% of the annual net profit until the ordinary reserve capital attains one third of the amount of the capital; when the reserve capital shall have reached this figure, there shall only be set aside 2% of the annual net profits until this ordinary reserve capital shall have attained the maximum figure above set forth.

The ordinary reserve capital shall be invested in Russian State's securities or in securities guaranteed by the Russian Government. When the ordinary reserve capital shall amount to a sum equal to 1/3rd at least of the capital, the General Meeting of shareholders may cease adding thereto the interest on it. If however it should become necessary in any year to use a part of the ordinary reserve capital in order to cover losses of the Bank, there shall be resumed in the following years the deductions from the net profits of the Bank to repay to the reserve capital the sums drawn therefrom and also the interest upon the said capital, until it shall reach again the prescribed sum.

§62. The special reserve capital is intended to cover losses which might result from operations and to complete, in case of need, a dividend of 6% to be distributed to the shareholders. After the exhaustion of the special reserve capital, the losses of the Bank shall be covered from the ordinary reserve capital.

Part VIII. Closing of the Operations of the Bank

§63. The Bank may cease operations at any time, by virtue of decision of the General Meeting held in accordance with §49 of the present Charter. In case the losses of the Bank, not covered by its reserve capitals, should attain a sum equal to a quarter of the capital, the Bank shall be obliged to stop its operations and go into liquidation, unless the shareholders pay in the capital up to former figures.

§64. In case of liquidations of the business of the Bank, the General Meeting shall elect one or several liquidators and shall fix the order of procedure of the liquidation, in conformity with the laws.

§65. With the nomination of the liquidators shall lapse the rights of the Board of Directors; the rights of the General Meeting shall remain in vigour during the liquidation as before it. It shall have the right to audit the accounts of the liquidators and to grant release.

PART IX. GENERAL PROVISIONS

§66. All misunderstandings arising in the interpretation of the present Charter, shall be finally decided by the Minister of Finance, after hearing the report thereon of the Board of Directors.

§67. In all cases not provided for in the present Charter, the Bank shall act in accordance with the Russian laws now in force, or to be enacted, concerning joint-stock companies.

§68. The Branches and agencies of the Bank situated in Asia are placed under the protection of the representatives of the Russian Government and submitted to the consular jurisdiction in the countries where this jurisdiction exists by virtue of treaties.

SAN-FRANCISCO AND CALCUTTA BRANCHES

REGULATIONS

Confirmed by the Minister of Finance on the 10th of November 1903

The branches at San-Francisco and at Calcutta may, in accordance with section III of §14 of the Charter, carry on the operations authorized by the laws of their respective countries.

At page 185 of *Shina Kankei Tokushu Joyaku Isan* is given the Japanese translation of an agreement stated to have been concluded on the 20th day of the 7th moon of the 22nd year of Kuang Hsü (August 28, 1896) in regard to the Russo-Chinese Bank Association. The text, apparently translated from a Chinese original, is obscure; but an approximate rendering of it may be found in MACMURRAY, vol. I, p. 78.

Note 2

In connection with this contract see also the following documents:

1. Convention between Russia and China for the lease of the Liaotung Peninsula, March 27, 1898 (No. 4, *post*);
2. Additional agreement between Russia and China, defining the boundaries of the leased and neutralized territory in the Liaotung Peninsula, May 7, 1898 (No. 5, *post*);
3. Agreement between the Chinese Eastern Railway Company and the Chinese Government for the Southern Manchurian branch of the railway, July 6, 1898 (No. 6, *post*);
4. Exchange of notes between Great Britain and Russia with regard to their respective railway interests in China, April 28, 1899 (No. 7, *post*);
5. Declaration of the Chinese Government in regard to railways north and northeast of Peking, June 1, 1899 (No. 8, *post*);
6. Agreement between Russia and China with regard to Manchuria, April 8, 1902 (No. 11, *post*);
7. Treaty of peace between Japan and Russia, September 5, 1905 (No. 12, *post*);
8. Treaty and additional agreement between Japan and China relating to Manchuria, December 22, 1905 (No. 13, *post*);
9. Convention and protocol relating to Japanese and Russian railway connections in Manchuria, June 13, 1907 (No. 18, *post*);
10. Political convention between Japan and Russia, July 30, 1907 (No. 20, *post*);
11. Political convention between Japan and Russia, July 4, 1910 (No. 30, *post*);
12. Agreement between Great Britain and Russia respecting the inclusion of British subjects within the scheme of municipal administration and taxation established in the area of the Chinese Eastern Railway, December 3, 1914 (No. 34, *post*); and

13. Treaty between Japan and Russia in regard to cooperation in the Far East, July 3, 1916 (No. 38, *post*);

14. Supplementary contract between Chinese Government and Russo-Asiatic Bank, October 2, 1920 (No. 45, *post*).

It was long persistently rumored that the concession for the Chinese Eastern Railway was a first-fruit of a secret political agreement between China and Russia, which attained notoriety under the name of "The Cassini Convention." In its issue of October 30, 1896, the *North China Herald* published what purported to be a translation of that convention, in an article which is of sufficient historical interest to warrant its reproduction in full, as follows:

The Cassini Convention

28th Oct.

"As our Peking correspondent told us in his last letter, Count Cassini, the Russian Minister, left Peking for Russia on the 30th of September. His baggage had been packed for three or more weeks, and the carts and mule littters were actually standing in the courts of the Russian Legation, but the Minister would not go until he could take with him duly signed and sealed 'an important agreement supposed to be the right of way for the Siberian railway across northern Manchuria.' With great difficulty we have succeeded in obtaining a copy of this agreement, and we now proceed to give an English translation of it. The numbers to the various clauses in this Convention have been added by us for convenience' sake:

"A SPECIAL CONVENTION BETWEEN CHINA AND RUSSIA

"His Imperial Majesty the Emperor of China having received the various benefits arising from the loyal support of His Imperial Majesty the Emperor of Russia at the close of the late war between China and Japan, and being desirous that the communications between the frontier territories of their respective empires and the international commerce of the two countries be managed to their mutual advantage, has commanded the mutual settlement of certain matters in order the better to consolidate the basis of friendship between the two empires. In this connection, therefore, H.I.M. the Emperor of China has specially appointed the Imperial High Commissioners the Princes and Great Officers of the Crown composing the Imperial Chinese Ministry of War, with plenipotentiary powers, to confer and agree upon certain matters, at Peking, with His Excellency Count Cassini, Envoy Extraordinary and Minister Plenipotentiary of H.I.M. the Emperor of Russia to the Court of China, concerning the connecting of the railway system of the Three Eastern Provinces [Fêngtien, Kirin, and Heilungchiang] with that of the Imperial Russian railway in the province of Siberia, with the object of facilitating the transport of goods between the two empires and of strengthening the frontier defences and seacoasts. And, furthermore, to agree upon certain special privileges to be conceded by China to Russia as a response to the loyal aid given by Russia in the retrocession of Liaotung and its dependencies.

"1.—Owing to the fact that the Russian Great Siberian Railway is on the point of completion, China consents to allow Russia to prolong her railway into Chinese territories (*a*) from the Russian port of Vladivostock into the Chinese city of Hunch'un in the province of Kirin, from thence northwestwards to the provincial capital of Kirin, and (*b*) from a railway station of some city in Siberia to the Chinese town of Alyun in Heilungchiang province, from thence southwestwards to the provincial capital of Tsitsihar and from thence to the town of Petunê, in Kirin province, and from thence southeastwards to the provincial capital of Kirin.

"2.—All railways built by Russia into the Chinese provinces of Heilungchiang and Kirin shall be built at the sole expense of Russia and the regulations and building thereof shall be solely on the Russian system, with which China has nothing to do, and the entire control shall be in the hands of Russia for the space of thirty years. At the end of the said period China shall be allowed to prepare the necessary funds wherewith, after proper estimation of the value of the said railways, she shall redeem them, the rolling stock, machine shops, and buildings connected therewith. But as to how China will at that date redeem these railways shall be left for future consideration.

"3.—China is now in the possession of a railway which she intends to extend from Shanhaikuan into the provincial capital of Fêngtien, namely, Moukden (Shengking), and from Moukden to the provincial capital of Kirin. If China should hereafter find it inconvenient to build this road she shall allow Russia to provide the funds to build

the railway from the city of Kirin, on behalf of China, the redemption of which road shall be permissible to China at the end of ten years. With reference to the route to be taken by this railway, Russia shall follow the surveys already made by China in connection therewith, from Kirin to Moukden, Newchwang, etc.

"4.—The railway to be built by China beginning from Shanhaikuan, in Fêngtien, to Newchwang, to Kaiping, to Chinchou, to Lushunk'ou [Port Arthur], and to Talienwan, and their dependencies, shall follow the Russian Railway regulations in order to facilitate the commercial intercourse between the respective Empires.

"5.—With reference to the railways to be built by Russia into Chinese territory, the routes along which the said roads shall pass must be protected, as usual, by the local civil and military officials of the country. They shall, moreover, afford all facilities and aid to the civil and military officials of Russia at the various railway stations, together with all the Russian artisans and labourers connected therewith. But owing to the fact that the said railways will pass for the greater part through barren and sparsely inhabited territory in which it will be difficult for the Chinese authorities to be always able to grant the necessary protection and aid, Russia shall be allowed to place special battalions of horse and foot soldiers at the various important stations for the better protection of the railway property.

"6.—With reference to the Customs duties to be collected on goods exported from and imported into the respective countries by the said railways, they shall follow the regulations provided by the Treaty of Commerce between China and Russia, ratified in the 1st year of the reign of T'sung Chih, 4th day, 2nd moon [20th February 1862 O.S.], regulating overland transit of goods between the two empires.

"7.—There has always been in existence a rule prohibiting the exploitation of the mines in Heilungchiang and Kirin provinces and in the Ch'angpai mountains [Long White Mountain range]. After the ratification of this treaty, Russians and subjects of the Chinese empire shall be permitted hereafter to exploit and open any of the mines therein mentioned; but before doing so they shall be required first to petition the Chinese local authorities on the subject who, on the other hand, shall grant the necessary commissions (*huchao*) in accordance with the mining regulations in force in China Proper.

"8.—Although there exist certain battalions of foreign-drilled troops (*Lienchun*) in the Three Eastern Provinces, yet the greater portion of the local territorial army corps thereof still follow the ancient regulations of the empire. Should, therefore, China in the future require to reform in accordance with the Western system the whole army organization of the said provinces, she shall be permitted to engage from Russia qualified military officers for that purpose and the rules for the guidance of this arrangement shall be in accordance with those obtaining in the Liangkiang provinces in regard to the German military officers now engaged there.

"9.—Russia has never possessed a seaport in Asia which is free from ice and open all the year round. If, therefore, there should suddenly arise military operations in this continent it will naturally be difficult for the Russian Eastern Seas and Pacific fleets to move about freely and at pleasure. As China is well aware of this she is willing to lease temporarily to Russia the port of Kiaochou [Chiaochou] in the province of Shantung, the period of such lease being limited to fifteen years. At the end of this period China shall buy all the barracks, godowns, machine shops and docks built there by Russia [during her occupation of the said port]. But, should there be no danger of military operations, Russia shall not enter immediately into possession of the said port or hold the important points dominating the port, in order to obviate the chance of exciting the jealousy and suspicions of other Powers. With reference to the amount of rent and the way it is to be paid, this shall form the subject of consideration in a protocol at some future date.

"10.—As the Liaotung ports of Lushunk'ou [Port Arthur] and Talienwan and their dependencies are important strategical points, it shall be incumbent upon China to properly fortify them with all haste, and to repair all their fortifications, etc., in order to provide against future dangers; Russia shall therefore lend all necessary assistance in helping to protect these two ports and shall not permit any Foreign Power to encroach upon them. China, on her part, also binds herself never to cede them to another country; but, if in future the exigencies of the case require it and Russia should

find herself suddenly involved in a war, China consents to allow Russia temporarily to concentrate her land and naval forces within the said ports in order the better to enable Russia to attack the enemy or to guard her own position.

"11.—If, however, there be no dangers of military operations in which Russia is engaged China shall have entire control over the administration of the said ports of Lushunk'ou and Talienwan, nor shall Russia interfere in any way therein. But as regards the building of the railways in the Three Eastern Provinces and the exploitation and opening of the mines therein, they shall be permitted to be proceeded with immediately after the ratification of this Convention and at the pleasure of the people concerned therein. With reference to the civil and military officers of Russia and Russian merchants and traders traveling [in any part of the territories herein mentioned], wherever they shall go, they shall be given all the privileges of protection and facilities within the power of the local authorities, nor shall these officials be allowed to put obstructions in the way or delay the journeys of the Russian officers and subjects herein mentioned.

"12.—After this Convention shall have received the respective signatures of their Imperial Majesties [the Emperors of China and Russia], the articles included therein shall go into immediate force, and, with the exception of the clauses regarding Port Arthur, Talienwan, and Kiaochou, shall be notified to the various local authorities of the two Empires. As to the place for the exchange of ratifications, it shall be left to be decided at some future time, but the exchange shall take place within the space of six months.

"It has, furthermore, been agreed upon between the respective Plenipotentiaries of the High Contracting Powers to make this Convention out in three languages, namely, Chinese, Russian and French; one copy of each language to be held by the respective High Contracting Parties, after the signing and sealing thereof. And it has, furthermore, been shown, upon comparison, that the contents of the documents as given in the three languages aforesaid tally with each other in all respects; but in case of dispute in the future the wording of the French copy shall be deemed the correct version.

"This document speaks for itself, and gives Russia all she can want at present. It gives her the right to carry her Trans-Siberian Railway to Kirin in two directions, from some station in Siberia to the west of Kirin, and from Vladivostock. It provides that China may apply to Russia to build a continuation from Kirin to Shanhaikuan and Port Arthur, and it gives Russia the right to protect these lines when built with her own troops. All these lines are to be built to the Russian gauge. China gives Russians the right to work mines in Manchuria, and provides for the employment of Russian officers to drill the Manchurian levies. It gives Russia (on lease) the port of Kiaochou, and on emergency the use of Port Arthur and Talienwan, which are not to be ceded to any other Power; and it promises every facility to Russian merchants and travellers and Russian trade. All the most important points in the secret treaty which we gave to the world in March last are embodied in this, and time will show whether this is the full extent of China's gratitude to Russia."

For a criticism of this document, see CORDIER'S *Histoire des relations de la Chine avec les puissances occidentales, 1860-1902*, vol. 2, p. 343.

In an article entitled "Manchuria—A Chinese View of the Situation," by "An Admirer of Li Hung Chang," which was published in the London *Daily Telegraph* of February 15, 1910, it was stated that while attending the coronation ceremonies of Emperor Nicholas at Moscow, in May, 1896, Li Hung Chang concluded with the Russian Minister for Foreign Affairs (Prince Lobanoff-Rostovsky) a secret treaty of alliance, the French text of which was given together with the following English translation:

Treaty of Alliance between China and Russia.—May, 1896

"ARTICLE I.—Every aggression directed by Japan, whether against Russian territory in Eastern Asia, or against the territory of China or that of Korea, shall be regarded as necessarily bringing about the immediate application of the present treaty.

"In this case the two High Contracting Parties engage to support each other reciprocally by all the land and sea forces of which they can dispose at that moment,

and to assist each other as much as possible for the victualling of their respective forces.

"ARTICLE II.—As soon as the two High Contracting Parties shall be engaged in common action no treaty of peace with the adverse party can be concluded by one of them without the assent of the other.

"ARTICLE III.—During the military operations all the ports of China shall, in case of necessity, be open to Russian warships, which shall find there on the part of the Chinese authorities all the assistance of which they may stand in need.

"ARTICLE IV.—In order to facilitate the access of the Russian land troops to the menaced points, and to insure their means of subsistence, the Chinese Government consents to the construction of a railway line across the Chinese provinces of the Amour [i. e., the Heilungkiang] and of Guirin (Kirin) in the direction of Vladivostok. The junction of this railway with the Russian railway shall not serve as a pretext for any encroachment on Chinese territory nor for any infringement of the rights of sovereignty of his Majesty the Emperor of China. The construction and exploitation of this railway shall be accorded to the Russo-Chinese Bank, and the clauses of the Contract which shall be concluded for this purpose shall be duly discussed between the Chinese Minister in St. Petersburg and the Russo-Chinese Bank.

"ARTICLE V.—It is understood that in time of war, as indicated in Article I, Russia shall have the free use of the railway mentioned in Article IV, for the transport and provisioning of her troops. In time of peace Russia shall have the same right for the transit of her troops and stores, with stoppages, which shall not be justified by any other motive than the needs of the transport service.

"ARTICLE VI.—The present treaty shall come into force on the day when the contract stipulated in Article IV, shall have been confirmed by his Majesty the Emperor of China. It shall have from then force and value for a period of fifteen years. Six months before the expiration of this term the two High Contracting Parties shall deliberate concerning the prolongation of this treaty."

The substantial accuracy of the disclosure thus made would appear to be adequately confirmed by the following extract translated from *Ma mission en Chine: 1893-1897* (Paris, Plon-Nourrit, 1918), by M. A. GÉRARD, who during the period indicated was French Minister to China:

"Although the treaty was intended to remain secret, I one day had in my hands for a few minutes, during a visit which I made in the spring of 1897 to Li Hung Chang at his residence in Peking, the copy of the document which he had signed the previous year with Prince Lobanoff. . . . The English translation of this text was published fifteen years later, when the treaty itself had expired, in the London *Daily Telegraph,* by the son of Li Hung Chang, Li Ching Mai, who was then Chinese Minister at the Court of St. James, and who sought to defend his father's memory against unjust attacks. The treaty was in fact a treaty of alliance, concluded for a period of fifteen years, by which the Chinese Government obligated itself, in the event of an aggression by Japan, to place at the disposal of the Russian Government its ports and all means of defence. The principal clause of the treaty was the assent given by the Chinese Government to the construction and operation, in the Manchurian provinces of Amur (Heilungkiang) and Kirin, of a line of railway connecting with the Russian Siberian lines, the concession for which was made to the Russo-Chinese Bank by a contract to be signed between the Chinese Minister at St. Petersburg and the delegate of the Bank (Article IV). It was stipulated in Article VI that the treaty should come into force on the day on which the contract for the construction and operation of the railway should have been approved and ratified by the Emperor of China. . . .

"The English newspapers at Shanghai had published, long before it was signed, the alleged text of the treaty and of the contract. They published another so-called version in the month of October, 1896, some days after the ratification at Peking of the contract in regard to the railway. These various texts, to which the English press gave the name of the 'Cassini Convention,' were apocryphal. They confused the treaty of alliance, properly so called, with the railway contract. . . . The true facts as here outlined establish that there never was, properly speaking, any 'Cassini Convention'; that the treaty of alliance was concluded at St. Petersburg in the month of May, 1896, between Li Hung Chang and Prince Lobanoff; that the railway contract was signed on September 8th following, also at St. Petersburg, by the Chinese Minister, Shu Ching Cheng, and the delegates of

the Russo-Asiatic Bank; and that it was this contract for whose definite ratification at Peking on September 30th Count Cassini waited before proceeding on his way to Russia."

In the summer of 1918, the military situation which had developed in Siberia led to a suggestion by the American Government for the unified control of the Siberian railway system (including the Chinese Eastern Railway), under the direction of Mr. John F. Stevens and the Russian Railway Corps associated with him, which the Government of the United States had placed at the disposal of the Russian Government during the Kerensky *régime,* and which had been entrusted by that administration with the reorganization of traffic between European Russia and Vladivostok. The overthrow of the Kerensky Government had interrupted the work of Mr. Stevens and his associates; the Bolsheviks, in co-operation with liberated German and Austrian prisoners of war, had taken possession of the Trans-Baikal, Amur and Ussuri sections of the Siberian system, and inhibited all traffic thereon save in their own interests; the liberated Czecho-Slovak prisoners had been prevented from passing eastwards over the line in order to join the forces of the Allies in Europe; to assist them and to protect the military stores accumulated at Vladivostok, the American, British, Chinese, French, Italian and Japanese Governments had despatched expeditionary forces to occupy Vladivostok and take possession of the several branches of the Ussuri Railway; the Japanese and Chinese Governments, in pursuance of the military agreement of March 25, 1918 (MacMurray, vol. II, p. 1407), had taken possession of the Chinese Eastern Railway, and, after the opening of the main Trans-Siberian line by the Czecho-Slovak forces, of the Trans-Baikal Railway as far west as Chita. The railway service had become so disorganized as to be incapable of satisfying the economic needs of Siberia, or even the military requirements of the Allied forces. Under these circumstances, the American Government offered the suggestion that, for the purpose of more efficient technical management, and without prejudice to any claims of financial or political interest, the Siberian railway system (including therein the Chinese Eastern Railway) should during the existing emergency be entrusted to a Commission directed by Mr. Stevens. The other interested Governments having indicated their willingness to accept any arrangement to that end which might be agreed upon between the American and Japanese Governments, negotiations ensued between the American Ambassador at Tokyo and the Japanese Minister for Foreign Affairs, which on January 9, 1919, resulted in an informal agreement as subsequently (March 17, 1919) announced by the Japanese Foreign Office, to the following effect:

Agreement regarding Inter-Allied Supervision of Siberian Railway System.—January 9, 1919

"Plan for the supervision of the Chinese Eastern and the Trans-Siberian Railways in the zone in which the Allied military Forces are now operating.

"1.—The general supervision of the railways in the zone in which the Allied Forces are now operating shall be exercised by a special Inter-Allied Committee, which shall consist of representatives from each Allied Power having military forces in Siberia, including Russia, and the Chairman of which shall be a Russian.

"The following boards shall be created, to be placed under the control of the Inter-Allied Committee:

"(a) A Technical Board consisting of railway experts of the nations having military forces in Siberia, for the purpose of administering technical and economic management of all railways in the said zone.

"(b) An Allied Military Transportation Board, for the purpose of co-ordinating military transportation under instructions of the proper military authorities.

"2.—The protection of the railways shall be placed under the Allied military forces. At the head of each railway shall remain a Russian manager or director with the powers conferred by existing Russian law.

"3.—The Technical Board shall elect a President to whom shall be intrusted the technical operation of the Railways. In matters of such technical operation, the President may issue instructions to the Russian officials mentioned in the

preceding clause. He may appoint assistants and inspectors in the service of the Board, chosen from among the nationals of the Powers having military forces in Siberia, to be attached to the central office of the Board, and define their duties. He may assign, if necessary, the corps of railway experts to the more important stations. In assigning railway experts to any of the stations, interests of the respective Allied Powers in charge of military protection of such stations shall be taken into due consideration. He shall distribute the work among the clerical staff of the Board whom he may appoint in his discretion.

"4.—The clerical staff of the Inter-Allied Committee shall be appointed by the Chairman of the Committee who shall have the right of distributing the work among such employees, as well as of dismissing them.

"5.—The present arrangement shall cease to be operative upon withdrawal of the foreign military forces from Siberia, and all the foreign railway experts appointed under this arrangement shall then be recalled forthwith."

Simultaneously and in furtherance of this Plan the Japanese Minister for Foreign Affairs approved and adopted the following Memorandum in reference thereto:

"Memorandum

"American Embassy, Tokyo.

"As the result of informal conversations with Viscount Uchida it is understood—

"First: That Viscount Uchida will forward the amended plan to Viscount Ishii, with instructions to present it to the Department of State and to explain that it is submited with the understanding that Mr. Stevens be named as President.

"Second: That the Inter-Allied Committee shall be composed of one representative of each of the following Governments: China, France, Great Britain, Italy, Japan, Russia, the United States, leaving question of Czecho-Slovaks to be discussed.

"Third: That each of the above named Governments shall select one technical railway expert for membership on the Technical Board.

"Fourth: That Mr. Stevens' selection as President shall not prevent his selection as a member of the Technical Board.

"Fifth: That the Government of Japan and the United States shall at once advise the above named Associated Governments of agreed plan, including the understanding in reference to the selection of Mr. Stevens and request their adherence and cordial cooperation.

"Sixth: That this plan shall be interpreted as a sincere effort temporarily to operate the Chinese Eastern and Trans-Siberian Railways in the interest of the Russian people, with a view to their ultimate return to those in interest, without the impairing of any existing rights; That in intrusting to Mr. Stevens, as President, the Technical operation of these railways it is understood the Government of Japan and the United States are both prepared to give him the authority and support which will be necessary to make his efforts effective.

"Tokyo, January 9, 1919."

The plan, as construed by the memorandum of January 9th, having thereafter been formally approved by the Government of the United States, under a reservation of financial responsibility, and on the explicit understanding that the word "interests" (as used in section 3 of the plan) should be construed as implying only military convenience as distinguished from any political or territorial rights or spheres of interest, was later submitted to the other Governments concerned, and accepted by them. The system of technical control thus contemplated was put into effect on March 10, 1919.

At a meeting of the commanders of the allied expeditionary forces in Siberia, held at Vladivostok during April, 1919, it was decided to allocate as follows the military protection of the several sections of the Trans-Siberian and Chinese Eastern Railway systems:

United States:

Ussuri Railway, from Vladivostok (inclusive) to Nikolsk (exclusive); branch to Suchan Mines; and section from Spasskoe to Ussuri;

Trans-Baikal Railway, from Verkhneudinsk (inclusive) to Baikal City (inclusive); and

At Harbin, garrison of 1,000 men.

China:
Chinese Eastern Railway, from Nikolsk (inclusive) to Manchuli (exclusive), and from Harbin to Changchun (inclusive); and
Ussuri to Guberovo.
Japan:
Ussuri Railway, from Nikolsk to Spasskoe, and from Guberovo to Habarovsk;
Amur Railway, entire; and
Trans-Baikal Railway, from Manchuli (inclusive) to Verkhneudinsk (exclusive).

Note 3

The statutes or charter of the Chinese Eastern Railway Company are given as follows (in abridged translation) in ROCKHILL, p. 215 (citing *B. & F. State Papers,* vol. 88, p. 773, and *Official Gazette,* No. 137, December 11/23, 1896):

Statutes of the Chinese Eastern Railway Company

"ST. PETERSBURG, DECEMBER 4/16, 1896

[Translation]

"The Minister of Finances presented on the 8/20th December, 1896, to the Ruling Senate for publication a copy of the Statutes of the Chinese Eastern Railway Company, which were Imperially confirmed on the 4/16th December, 1896.

STATUTES OF THE CHINESE EASTERN RAILWAY COMPANY

"Formation of the Company.—§ 1. On the strength of the Agreement concluded on the 27th August/8th September, 1896, by the Imperial Chinese Government with the Russo-Chinese Bank, a Company is formed under the name of the "Eastern Chinese Railway Company" for the construction and working of a railway within the confines of China from one of the points on the western borders of the Provinces of Hei-Lun-Tsian, to one of the points on the eastern borders of the Province of Ghirin and for the connection of this railway with those branches which the Imperial Russian Government will construct to the Chinese frontier from Trans-Baikalia and the southern Ussuri lines. [*Observation.* The Company is empowered, subject to the sanction of the Chinese Government, to exploit, in connection with the railway or independently of it, coal mines, as also to exploit in China other enterprises—mining, industrial, and commercial. For the working of these enterprises which may be independent of the railway, the Company shall keep accounts separate from those of the railway.]

"The formation of the Company shall be undertaken by the Russo-Chinese Bank.

"With the formation of the Company all rights and obligations are transferred to it in regard to the construction and working of the line ceded in virtue of the above-named Agreement of the 27th August/8th September, 1896.

"The Company shall be recognized as formed on the presentation to the Minister of Finances of a warrant of the State Bank certifying the payment of the first instalment on the shares. In any case such payment must be made not later than two months from the day of confirmation of the present Statutes.

"The succeeding instalments on the shares shall be paid in such orders of gradation that the shares shall be fully paid up at their nominal value not later than one year from the day of formation of the Company.

"Owners of shares of the Company may only be Russian and Chinese subjects.

"Term of Concession.—§2. In virtue of the Agreement with the Chinese Government, the Company shall retain possession of Chinese Eastern Railway during the course of eighty years from the day of the opening of traffic along the whole line.

"Obligation towards the Russian Government.—§ 3. In recognition that the enterprise of the Chinese Eastern Railway will be realized only owing to the guarantee given by the Russian Government in regard to the revenue of the line for covering working expenses as well as for effecting the obligatory payments on the bonds (§§ 11.

16), the Company, on its part, binds itself to the Russian Government during the whole term of the Concession under the following obligations:

"(*a*) The Chinese Eastern Railway with all its appurtenances and rolling-stock must be always maintained in full order for satisfying all the requirements of the service of the line, in regard to the safety, comfort, and uninterrupted conveyance of passengers and goods;

"(*b*) The traffic on the Chinese Eastern line must be maintained comformably with the degree of traffic on the Russian railway lines adjoining the Chinese line;

"(*c*) The trains of all descriptions running between the Russian Trans-Baikal and Ussuri lines shall be received by the Chinese Eastern Railway and dispatched to their destination in full complement without delay;

"(*d*) All through trains, both passenger and goods, shall be dispatched by the Eastern Chinese Railway at rates of speed not lower than those which shall be adopted on the Siberian Railway;

"(*e*) The Chinese Eastern Railway is bound to establish and maintain a telegraph along the whole extent of the line and to connect it with the telegraph-wire of the Russian adjoining railways, and to receive and dispatch without delay through telegrams sent from one frontier station of the line to another, as also telegrams sent from Russia to China, and conversely;

"(*f*) Should, with the development of traffic on the Chinese Eastern Railway, its technical organization prove insufficient for satisfying the requirements of a regular and uninterrupted passenger and goods traffic, the Chinese Eastern Railway shall immediately, on receipt of a notification on the part of the Russian railways to augment its capacity to a corresponding degree, adopt the necessary measures for further developing its technical organization and the traffic on it. In the event of a difference of opinion arising between the above-mentioned railways, the Chinese Eastern Railway shall submit to the decision of the Russian Minister of Finances. If the means at the command of the Chinese Eastern Railway prove insufficient for carrying out the necessary work of its development, the Board of Management of the railway may at all times apply to the Russian Minister of Finances for pecuniary assistance on the part of the Russian Government;

"(*g*) For all transit conveyance of passengers and goods, as also for the transmission of telegrams there will be established by agreement of the Company with the Russian Government for the whole term of duration of the Concession (§ 2), maximum tariffs, which cannot be raised without the consent of the Russian Government during the whole term above referred to. Within these limits the tariffs of direct communication both for railway carriage and telegrams will be fixed by the Board of Management of the Company on the strength of a mutual agreement with the Russian Minister of Finances;

"(*h*) The Russian letter and parcels-post, as also the officials accompanying the same, shall be carried by the Chinese Eastern Railway free of charge.

"For this purpose the company shall set apart in each ordinary passenger train a carriage compartment of 3 fathoms in length. The Russian postal authorities may, moreover, if they deem it necessary, place on the line postal carriages, constructed by them at their own cost; and the repair, maintenance (interior fittings excepted) as well as the running of such carriages with the trains shall be free of charge and at the cost of the railway.

"The above-mentioned engagements, by which, as already stated, the grant of a guarantee by the Russian Government is conditioned and the consequent realization of the enterprise of the Chinese Eastern Railway, shall be binding on the railway until the same, after the expiration of the eighty years' term of the Concession, shall without payment become the property of the Chinese Government (§ 29). The redemption of the line from the Company before the above-mentioned term in accordance with § 30 of the present Statutes shall not in any way diminish the effect of the above specified engagements, and these latter, together with the railway, shall be transferred to its new proprietor.

"In the same manner during the course of the whole eighty years' term of the Concession (§ 2) the following privileges granted to the railway by the Imperial Chinese Government shall remain in force:

"(*a*) Passengers' luggage, as also goods, carried in transit from one Russian station shall not be liable to any Chinese customs duties, and shall be exempt from all internal Chinese dues and taxes;

"(*b*) The rates for the carriage of passengers and goods, for telegrams, &c., shall be free from all Chinese taxes and dues;

"(*c*) Goods imported from Russia into China by rail and exported from China to Russia in the same manner shall pay respectively an import or export Chinese duty to the extent of one-third less as compared with the duty imposed at Chinese seaport custom-houses.

"(*d*) If goods imported by the railway are destined for conveyance inland they shall in such case be subject to payment of transit duty to the extent of one-half of the import duty levied on them, and they shall then be exempted from any additional imposts. Goods which shall not have paid transit duty shall be liable to payment of all established internal barrier and likin dues.

"**Immunities of the Company in Regard to Russian Customs Dues.**—§4. In regard to the place of acquisition of materials for the requirements of the railway, the Company shall not be liable to any limitations.

"If materials be obtained beyond the confines of Russia, they shall, on importation through Russian territory, be freed from payment of Russian customs duties.

"**Technical Conditions; Periods of Time for the Commencement and Termination of the Work.**—§5. The breadth of the railway track must be the same as that of the Russian lines (5 feet).

"The Company must commence the work not later than the 16th August, 1897, and conduct it in such a manner that the whole line shall be completed not later than six years from the time when the direction of the line shall be finally determined and the necessary land assigned to the Company.

"When tracing the line of the railway, cemeteries and graves, as also towns and villages, must as far as possible, be left aside of the railway.

"When effecting the connection, in accordance with § 1 of these Statutes, of the Chinese Eastern Railway with the Russian Trans-Baikal and South Ussuri lines the Company shall have the right, with a view of reduction of expenditure, of abstaining from building its own frontier stations and of utilizing the frontier stations of the above-named Russian lines. The conditions on which they shall be utilized shall be determined by agreement of the Board of the Company with the Boards of the respective railways.

"**Tariffs.**—§6. The tariffs for the carriage of passengers and goods, as also for supplementary carriage rates, shall be determined by the Company itself, within the limits indicated in § 3.

"**Order of Examination of Legal Suits, and the Establishment of Rules for Railway Conveyance.**—§7. Offences, litigation, &c., on the territory of the Chinese Eastern Railway shall be dealt with by local authorities, Chinese and Russian, on the basis of existing Treaties.

"In regard to the carriage of passengers and goods, the responsibility for such conveyance, the lapse of time for claims, the order of recovering money from the railway when adjudged, and the relations of the railway to the public shall be defined in rules drawn up by the Company and established before the opening of the railway traffic; these rules shall be framed in accordance with those existing on Russian railways.

"**Maintenance of Security and Order on the Railway.**—§8. The Chinese Government has undertaken to adopt measures for securing the safety of the railway and of all employed on it against any extraneous attacks.

"The preservation of law and order on the lands assigned to the railway and its appurtenances shall be confided to police agents appointed by the Company.

"The Company shall for this purpose draw up and establish police regulations.

"**Foundation Capital of the Company.**—§9. The whole amount of the capital of the Company shall be determined according to the cost of construction calculated on the basis of estimates framed when the survey of the line was carried out. The foundation capital shall be charged with—

"(*a*) The payment of interest and amortization of the foundation capital during the construction of the railway;

"(*b*) The purchase from the Russian Government of the results of the surveys of the direction of the railway to Manchuria, which were made by Russian engineers, the sum payable for these surveys being determined by agreement of the Russian Minister of Finances with the Company.

"The capital of the Company shall be formed by the issue of shares and bonds.

"**Share Capital.**—§10. The share capital of the Company shall be fixed at 5,000,000 nominal credit roubles, and divided into 1,000 shares at 5,000 nominal credit roubles.

"The shares are to be issued at their nominal value.

"The guarantee of the Russian Government does not extend to them.

"**Bond Capital; Guarantee of Russian Government on Bonds.**—§11. The remaining portion of the capital of the Company will be formed by the issue of bonds. The bonds will be issued as required, and each time with the special sanction of the Minister of Finances. The nominal amount and value of each separate issue of bonds, the time and condition of the issue, as also the form of these bonds, shall be subject to the sanction of the Minister of Finances.

"The Russian Government will guarantee the interest on and amortization of the bonds.

"For the realization of these bonds the Company must have recourse to the Russo-Chinese Bank, but the Russian Government reserves to itself the right of appropriating the bond loan at a price which shall be determined between the Company and the Bank, and to pay the Company the agreed amount in ready money.

"**Guarantee of Realized Bond Capital.**—§12. As payments are received for bonds guaranteed by the Russian Government, the Company shall be bound to keep such sums, or interest bearing securities purchased with the same by permission of the Russian Minister of Finances, under the special supervision of the Russian Ministry of Finances.

"Out of the above receipts the Company shall have the right to make the following payments:

"(*a*) According to actual fulfilment of the work in progress, and execution of orders, and at the time when various expenditures shall become necessary, such payments to be made on the scale and on the conditions specified in the working estimates;

"(*b*) During the construction of the line, of interest, as it becomes due, on the bonds issued by the Company, subject to the conditions of their issue, and the Company shall pay the sums necessary for the above purpose within the limits of the amount realized by it in the issue of its bonds.

"**Shares.**—§13. On the payment of the first allotment on the shares, the founders shall receive temporary certificates on which subsequently, when the Board of Management of the Company shall have been formed, the receipt of the further instalments on the shares will be inscribed.

"When the shares shall be fully paid up the temporary certificates issued to the founders shall be replaced by shares.

"The shares of the Company are issued to bearer, under the signature of not fewer than three members of the Board of Management. To the shares will be attached a coupon sheet for the receipt once yearly under them of any dividend that may be payable.

"On the coupon sheets becoming exhausted new sheets will be issued.

"A dividend on the shares out of the net profits of any year, supposing such accrue, shall be payable on the adoption by the general meeting of shareholders of the Annual Report for that year, and the dividend shall be payable at the offices of the Company, or at such places which it may indicate.

"The Company shall notify for general information in the 'Official Gazette' and in the 'Finance Messenger,' as also in one of the Chinese newspapers, the amount and place of payment of the dividend.

"**Reserve Capital.**—§14. The reserve capital is destined—

"(*a*) For the capital repair of the railway, its buildings and appurtenances;

"(*b*) For defraying extraordinary expenditure of the Company in repairing the railway and its appurtenances.

"The reserve capital of the Company is formed out of annual sums put aside from the net profits of the working of the railway (§ 17).

"The reserve capital must be kept in Russian State interest bearing securities, or in railway bonds guaranteed by the Russian Government.

"At the expiration of the term of possession of the railway by the Company the reserve capital shall be first of all employed in the payment of the debts of the Company, including among them sums due to the Russian Government, if such

exist; after the debts of the Company shall have been paid, the remainder of the reserve capital shall be divided among the shareholders. In the event of the redemption of the railway by the Chinese Government the reserve capital becomes the property of the shareholders.

"**Net Revenue.**—§15. The net revenue of the Company shall be the remainder of the gross receipts, after deduction of working expenses.

"Under these expenses are classed:

"(*a*) General outlays, including assignments towards pension and relief funds, if such be established on the line;

"(*b*) Maintenance of the Staff of the Board of Management, and of all the services; as also the maintenance of employés and labourers not on the permanent list;

"(*c*) Outlays for materials and articles used for the railways as also expenditure in the shape of remuneration for the use of buildings, rolling-stock, and other various requisites, for the purposes of the railway.

"(*d*) Outlays for the maintenance, repair and renewal of the permanent way, works of construction, buildings, rolling-stock, and other appurtenances of the railway;

"(*e*) Expenditure connected with the adoption of the measures and instructions of the Board of Management for insuring the safety and regularity of the railway service;

"(*f*) Expenditure for the improvement and development of the railway, as also for creating and developing its resources.

"**Additional Payments by the Russian Government Under the Guarantee, and the Order of Settlement of Accounts between the Company and the Russian Government in Respect of these Additional Payments.**—§16. Should the gross receipts of the railway prove insufficient for defraying the working expenses and for meeting the yearly payments due on the bonds, the Company will receive the deficient sum from the Russian Government through the Russian Minister of Finances. The payments referred to will be made to the Company as advances, at a rate of interest of 6 per cent. per annum. Sums paid in excess to the Company in consequence of its demands and on account of the guarantee will be deducted from succeeding money payments.

"On the presentation to the general meeting of shareholders of the annual report of the working of the railway for a given year the Company shall at the same time submit to the general meeting, for confirmation, a detailed statement of the sums owing by the Company to the Russian Government, with the interest that has accrued thereon. On the confirmation of this statement by the general meeting, the Board of Management shall deliver to the Russian Government an acknowledgment of the Company's debt, to the full determined amount of the same, and this acknowledgment, until its substitution by another, shall bear annually interest at the rate of 6 per cent.

"The acknowledgment above mentioned given by the Board of Management to the Russian Government shall not be subject to bill or deed stamp tax. . . .

"[Subjects of minor importance are dealt with in the following sections:

"§ 17. Distribution of net profits of the railway.

"§ 18. Functions of Board of Management, the seals of which will be at Peking and St. Petersburg.

"§ 19. Constitution of the Board, which is to consist of nine members elected by the shareholders. The Chairman is to be apponited by the Chinese Government; the Vice-Chairman is to be chosen by the members of the Board from among themselves.

"§ 20. Order of transaction of the business of the Board.

"§ 21. General meetings of shareholders and the subjects that shall come under their notice.

"§ 22. Order of convening general meetings.

"§ 23. Conditions under which general meetings shall be recognized as legally held.

"§ 24. Participation of shareholders in proceedings of general meetings.

"§ 25. Local management of works of construction.

"§ 26. Local management of railway when in working order.

"§ 27. Questions to be submitted for confirmation by Russian Minister of Finances.

"§ 28. Committee of audit.]

"**Gratuitous Entrance into Possession of Railway by Chinese Government.**—§ 29. In accordance with the Agreement concluded with the Chinese Government, the

latter, after the expiration of eighty years of possession of the railway by the Company, enters into possession of it and its appurtenances.

"The reserve and other funds belonging to the Company shall be employed in paying the money due to the Russian Government under the guarantee (§ 16) and in satisfaction of other debts of the Company, and the remainder shall be distributed among the shareholders.

"Any money that may remain owing by the Company to the Russian Government at the expiration of eighty years in respect of the guarantee shall be written off.

"The Russo-Chinese Bank will incur no responsibility in respect of the same.

"Right of the Chinese Government to Acquire the Railway on the Expiration of Thirty-six Years.—§30. In accordance with the agreement concluded with the Chinese Government, on the expiration of thirty-six years from the time of completion of the whole line and its opening for traffic, the Chinese Government has the right of acquiring the line, on refunding to the Company in full all the outlays made on it, and on payment for everything done for the requirements of the railway, such payments to be made with accrued interest.

"It follows as a matter of course that the portion of the share capital which has been amortized by drawing and the part of the debt owing to the Russian Government under the guarantee and repaid out of the net profits (§ 17) will not constitute part of the purchase money.

"In no case can the Chinese Government enter into possession of the railway before it has lodged in the Russian State Bank the necessary purchase money.

"The purchase money lodged by the Chinese Government shall be employed in paying the debt of the Company under its bonds and all sums, with interest, owing to the Russian Government, the remainder of the money being then at the disposal of the shareholders."

See, also, the first supplement to the charter, February 5/17, 1899, printed *post*, p. 50, as an annex to the agreement concerning the Southern Manchurian Branch of the Chinese Eastern Railway, July 6, 1898 (No. 6, *post*).

Note 4

See in this connection the agreements of July 5/18, 1901 (No. 10, *post*) and January 1/14, 1902 (MacMurray, vol. I, p. 321), in regard to the jurisdiction over Chinese subjects. As to the jurisdiction over Russian subjects in the zone of the Chinese Eastern Railway, consult the Ukaz to the Governing Senate on that subject, under date of July 20/August 2, 1901—originally secret, but subsequently made public in the course of a judicial proceeding—of which the translation is as follows:

Russian Imperial Ukaz regarding Jurisdiction in Chinese Eastern Railway Zone.—August 2, 1901

"The construction of the Chinese Eastern Railway and the realization of the enterprises dependent upon it have attracted a great number of Russians to the line of the railway, which passes through the territories of China, where Our subjects, by virtue of the treaties concluded between the Imperial Government and the Government of the Bogdokhan, have the right of being judged in accordance with Russian laws. Desiring to place on a firm basis of justice the actions that may arise between Russian subjects on the line of exploitation of the above-mentioned railway. We have found it good to submit these actions to the competence of the nearest tribunals of the Empire.

"Having studied and approved the proposals elaborated on this subject by a Special Commission under Our orders, We decree:

"1.—In order to enforce justice and preventive measures upon the line of exploitation of the Chinese Eastern Railway, in matters which are within the competence of the Russian judicial authorities, to establish the posts of Justices of the Peace, submitting the above-mentioned line of exploitation to the jurisdiction of the nearest district courts of the Empire.

"2.—To define as follows the jurisdiction of the judicial institutions mentioned in § 1:

"a) The competency of these institutions includes matters arising on the line of exploitation of the Chinese Eastern Railway between Russian subjects exclusively, and particularly, in criminal matters, where the accused and the injured parties are Russians, and in civil matters, where both sides, plaintiff and defendant, are Russian subjects: the judicial institutions act, in the examination and decision of cases, as well as in preliminary investigations, in accordance with §§ 84, 88, 89 and 90 of the Temporary Regulatons for the Administration of the Kwantung Region.

"b) The Russian judicial authorities have the right to make preliminary investigations in criminal matters arising on the above-mentioned line, when the identity of the accused person is unknown but the injured party is a Russian subject; but if in the course of the inquiry it appears that the accused person is not a Russian subject, the case should be referred to the proper quarter by the official of the Ministry for Foreign Affairs stationed in Manchuria, or by the Russian Consul in Newchang if the matter arose within the limits of the above-mentioned open port.

"c) To extend the arrangement outlined in this paragraph to the Southern Branch of the Chinese Eastern Railway, with the exception of that portion of it which traverses the Kwantung Region.

"3) To transfer to the Governor-General of the Amur Region, in so far as concerns matters that arise within the jurisdiction of the Justices of the Peace who are under the control of the district courts of the Governor-General of the Amur Region, the rights and duties attaching to the chief of the Kwantung Region in those cases specified in Remark (a) to Article 96 of the Temporary Regulations for the Administration of the Kwantung Region.

"4.—To impose upon the frontier guards of the Trans-Amur Region the duty of executing the judgment and orders of the Justices of the Peace and other legal institutions, as well as the serving of summons and other documents on the parties, on the line of the Chinese Eastern Railway.

"5.—In supplement to the present arrangements of those judicial institutions, to institute for each of the district courts of Vladivostok and Chita, as well as for the Appeal Court of Irkutsk, the post of Assistant Prosecutor in each of these tribunals.

"6.—To give to each of the officials mentioned above in §§1 and 5 the maintenance, rights and privileges established by the Temporary Regulations for the Administration of the Kwantung Region for the Justices of the Peace of that Region and for the Assistant Prosecutor of the District Court of Port Arthur, with the exception that they are to receive lodgings instead of an allowance for that purpose.

"7.—To entrust to the Minister of Justice, after a preliminary understanding with the Minister of Finance, the appointment of the Justices of the Peace established on the line of the Chinese Eastern Railway, and the determination of their number, their place of residence, and their dependence upon the District Courts of the Empire.

"8.—To insert annually in the budget of the Ministry of Justice the sums necessary for the maintenance of the officials mentioned in §§ 1 and 5, to an amount to be determined by the Minister of Justice in accord with the Minister of Finance, and in reimbursement of this expenditure by the State, to demand from the treasury of the Chinese Eastern Railway the payment of a sum equivalent to this amount. Apart from the yearly payment of the said sum, to impose upon the said Company the obligation: (a) To furnish the Justices of the Peace and the Assistant Prosecutors, on the line of the Chinese Eastern Railway, lodgings and their transportation within the limits of their districts; and (b) To reimburse to the Government Treasury all expenses incurred by them and all the transportation money and all sums established by law for their maintenance during their transit to their posts.

"9.—To give the Chinese Eastern Railway Company the right to sue civil cases and to be defendant in civil cases, in matters concerning its property, upon the terms specified in Section I, Book III, of the Code of Civil Procedure (Articles 1282-99 [Relating to suits by or against Governmental institutions.—EDITOR.]; Volume XVI, Chapter I, Collection of Laws, edition of 1892), and with the application of the provisions contained in Remark 2 to Article 1289 of the Code of Civil Procedure.

"10.—To extend to employees of the Chinese Eastern Railway, in respect to criminal prosecutions against them for wrong-doing in the course of their functions, and claims against them for loss or damage due to their carelessness, neglect or delay, the provisions established in Articles 1066-1123 of the Judicial Regulations and 1316-1330 of the Code of Civil Procedure [Relating to claims against Government agents and officials in connection with their functions.—EDITOR] (Collection of Laws, Volume XVI, Chapter I, edition of 1892).

"11.—To put the above regulations into force at a time to be determined by the Ministers of Justice and Finance.

"12.—Not to publish the present ukaz for general information.

"On the original is the signature of His Imperial Majesty, in his own hand,

"NIKOLAI."

Note 5

With the text of the railway contract, as given in *Soglashenia,* is printed (at p. 8) the French text of a letter from the Chinese Minister to the representative of the bank, dated September 8th, of which the body reads (in translation) as follows:

"In discussing § 6 of the contract signed today, you have drawn my attention to the question of coal. I have taken note of the observations you made to me in that regard, and shall not fail to make a report to the Tsungli Yamen on that subject, emphasizing the importance of granting the company the most favorable terms for the working of such coal mines as may be found in the neighborhood of the line of the (Chinese) Eastern Railway."

See the agreements for the mining of coal in the Provinces of Heilungkiang and Kirin, August 30, 1907 (MACMURRAY, vol. I, p. 658).

Agreements for the expropriation of lands required for railway purposes in the Manchurian Provinces of Heilungkiang and Kirin were concluded on August 30, 1907 (*ibid.,* vol. I, pp. 663, 667).

An agreement concerning timber concessions in Kirin Province was signed on the same date (*ibid.,* p. 671), and an agreement for similar concessions in Heilungkiang Province on April 5, 1908 (*ibid.,* p. 721).

Note 6

To the text of the contract as printed in WANG is appended (at p. 11) a copy of a letter addressed to the Chinese Minister by the representative of the bank, under date of September 2, 1896, of the body of which the translation is as follows:

"I have the honor to avail myself of Your Excellency's permission to confirm to you that the accounts of the railway to be constructed will be made up annually and will be published officially. This report will present the status of the several accounts, the receipts and expenses for operation and also for the service of debts, loans, etc. The eventual repurchase would be effected on the basis of these balances as published annually. The detailed conditions of repurchase will be provided for in the Company's charter (*i. e., statuts de la Société*)."

See the exchange of notes between China and Japan concerning the extension of the term of lease of the South Manchuria Railway, etc., May 25, 1915 (No. 35, *post*)

No. 4

RUSSIA AND CHINA

Convention for the lease of the Liaotung Peninsula.[1]*—March 27, 1898*

His Majesty the Emperor and Autocrat of all the Russias, and His Majesty the Emperor of China, being desirous of still further strengthening the friendly relations existing between the two Empires and mutually wishing to insure the means whereby to show reciprocal support, have appointed

[1] MACMURRAY, vol. I, p. 119, translation from the Russian text as printed in *Recueil,* p. 331. Printed also in Russian and Chinese texts in CUSTOMS, vol. II, pp. 219, 223; and, in a translation from unofficial versions, in ROCKHILL, p. 50; HERTSLET, p. 505; *Am. Journal Int. Law,* Supplement, 1910, p. 289; *F. E. Review,* vol. 11, p. 395. See Note to this document, *post,* p. 44.

as their plenipotentiaries, for the purpose of arriving at an agreement on this matter:

His Majesty the Emperor of Russia—M. Alexander Pavlow, Gentleman of the Court, and His Majesty's Chargé d'Affaires accredited to the Government of H. M. the Emperor of China;

His Majesty the Emperor of China—Count Li, Chancellor, Member of the Ministry of Foreign Affairs, and Senior Preceptor of the Heir to the Throne, and Chang, Assistant Minister of Finance, and Member of the Ministry of Foreign Affairs, with Ministerial rank.

The above-named Plenipotentiaries, furnished with due powers, have decided upon the following stipulations:

ARTICLE I. For the purpose of ensuring that the Russian naval forces shall possess an entirely secure base on the littoral of northern China, H. M. the Emperor of China agrees to place at the disposal of the Russian Government, on lease, the Ports Arthur (Liou-choun-kow) and Ta-lien-wan, together with the water areas contiguous to these ports. This act of lease, however, in no way violates the sovereign rights of H. M. the Emperor of China to the above-mentioned territory.

ART. II. The frontier of the territory leased on the above-specified basis, will extend northwards from the Bay of Ta-lien-wan for such distance as is necessary to secure the proper defence of this area on the land side. The precise line of demarcation and other details respecting the stipulations of the present Convention will be determined by a separate Protocol which shall be concluded at St. Petersburg with the dignitary Siou-tzin-ch'eng immediately after the signature of the present Convention. Upon the determination of this line of demarcation, the Russian Government will enter into complete and exclusive enjoyment of the whole area of the leased territory together with the water areas contiguous to it.

ART. III. The term of the lease shall be twenty-five years from the date of the signature of the present agreement and may be prolonged subsequently by mutual consent of both Governments.[1]

ART. IV. During the above-specified period, on the territory leased by the Russian Government and its adjacent water area, the entire military command of the land and naval forces and equally the supreme civil administration will be entirely given over to the Russian authorities and will be concentrated in the hands of one person who however shall not have the title of Governor or Governor-General. No Chinese military land forces whatsoever will be allowed on the territory specified. Chinese inhabitants retain the right, as they may desire, either to remove beyond the limits of the territory leased by Russia or to remain within such limits without restriction on the part of the Russian authorities. In the event of a Chinese

[1] See, however, the exchange of notes between China and Japan concerning the extension of this term, May 25, 1915 (No. 35, *post*).

subject committing any crime within the limits of the leased territory, the offender will be handed over to the nearest Chinese authorities for trial and punishment in accordance with Chinese laws, as laid down in Article VIII of the Treaty of Peking of 1860.

ART. V. A neutral zone shall be established north of the above-specified frontier of the leased territory. The frontiers of this zone will be fixed by the dignitary Siou-tzin-ch'eng and the Ministry of Foreign Affairs in St. Petersburg. Within this specified neutral zone the civil administration will be entirely in the hands of the Chinese authorities; Chinese troops will be admitted within this zone only with the consent of the Russian authorities.

ART. VI. Both the Governments agree that Port Arthur, as an exclusively military (naval) port, shall be used solely by Russian and Chinese vessels and shall be considered as a closed port to war-ships and merchant vessels of other States. As regards Ta-lien-wan, this port, with the exception of one of the inner bays which, like Port Arthur, shall be set apart exclusively for the use of the Russian and Chinese fleets, shall be considered open to foreign commerce and free entry to it will be granted to the merchant vessels of all nations.

ART. VII. The Russian Government takes upon itself at its own expense and with its own resources to erect all buildings necessary for its fleet and land forces on the area leased to it and especially in the ports Arthur and Ta-lien-wan, to erect fortifications, maintain garrisons in them and generally to take all necessary steps for the proper defence of the specified locality from hostile attack. Similarly the Russian Government binds itself at its own expense to erect and maintain light-houses and other precautionary signs requisite for the security of navigation.

ART. VIII. The Chinese Governmentt agrees that the concessions granted by it in 1896 to the Chinese Eastern Railway Company, from the date of the signature of the present agreement shall be extended to the connecting branch which is to be built from one of the stations of the main line to Ta-lien-wan, and also, if deemed necessary, from the same main line to another more convenient point on the littoral of the Liaotung Peninsula between the town of In-tzü and the estuary of the River Yalu. All the stipulations of the contract concluded by the Chinese Government with the Russo-Chinese Bank on August 27 (September 8), 1896, shall apply scrupulously to these supplementary branches. The direction and points through which the above-mentioned lines shall pass will be determined upon by the dignitary Siou-tzin-ch'eng and the administration of the Chinese Eastern Railway. Consent to the construction of the railway on the basis indicated shall never under any form serve as a pretext for the seizure of Chinese territory or for an encroachment on the sovereign rights of China.

ART. IX. The Present Convention shall come into force from the date of exchange of copies thereof by the Plenipotentiaries of the two States.

The exchange of ratifications will take place in St. Petersburg with the least possible delay.

In virtue of which the respective Plenipotentiaries of the two parties have signed and affixed their seals to two copies of the present Convention in the Russian and Chinese languages. Of the two texts which, upon comparison, have been found to be in agreement, the Russian text shall be that used for the interpretation of the Convention.

Done in duplicate at Peking, this 15th day of March (March 27), 1898, and by the Chinese calendar the 6th day of the 3rd moon of the 24th year of the reign of Kuang-Hsü.

(Seal) (*Signed*) A. Pavlow.
(Seal) (*Signed*) Li-chang.
(Seal of the Tsung-li-yamen)

Note

In connection with this convention see the additional convention defining the boundaries of the leased and neutralized territory in the Liaotung Peninsula, May 7, 1898 (No. 5, *post*); see also the convention for the retrocession of the Fêngtien (Liaotung) Peninsula by Japan to China, November 8, 1895 (No. 2, *ante*); treaty of peace between Russia and Japan, September 5, 1905 (No. 12, *post*); treaty and additional agreement between Japan and China concerning Manchuria, December 22, 1905 (No. 13, *post*); and the exchange of notes between Japan and China, in regard to the extension of the term of lease, accompanying the treaty of May 25, 1915, concerning Manchuria (No. 35, *post*).

Rockhill, p. 370, prints the following translation of an imperial order of July 30/ August 11, 1899, for the building of Dalny and creating it a free port:

Russian Imperial Order regarding Establishment of Dalny as a Free Port.—August 11, 1899

"To the Minister of Finance.—Our Empire, comprising as it does immense territories in Europe and Asia, is called upon by Divine Province to contribute to the pacific intercourse of the peoples of the East and the West. For the attainment of this historic object we have received the friendly assistance of the Chinese Empire, which has ceded to us the use of the Harbour of Talienwan and Port Arthur, with the adjacent territory, and has furnished for the Great Siberian Railway an outlet through its possessions to the Yellow Sea. Thanks to this wise decision of the Government of His Majesty the Emperor of China, the extreme limits of two continents of the Old World will very shortly be connected by an uninterrupted line of rails, which will secure for all nations the incalculable advantages of easy communication, and bring new regions within the operations of the commerce of the world.

"In our increasing solicitude for a scheme of such general utility as this, we have directed our attention to the first-rate importance which, when once the line is constructed, its terminus, the port of Talienwan, will acquire. Having declared after its occupation that this port was open to the commercial fleets of all nations, we deem it advisable now to proceed to the construction near this port of a town, to which we give the name of 'Dalny.'

"At the same time, with a view to the commercial development of the future town, we grant to the same for the entire period for which its territory is handed over to Russia by China, under the arrangement of the 15th (27th) March, 1898, the right of free trade granted to free ports on the following conditions:

"1. The importation and exportation of goods of every kind are allowed free of customs dues in the town, port, and adjacent territory, within the limits determined by and liable to modification by the Minister of Finance.

"2. The right of free trade thus granted does not affect transport, anchorage, and other dues of various kinds, levied at ports.

"3. The Quarantine Regulations, issued with a view to preventing the introduction of infectious diseases, must be strictly observed by all ships entering the port.

"4. Goods imported into Russia which come from the territory enjoying the right of free trade will be examined, will pay import duty, and will enter the Empire under the general conditions in force for the importation of foreign goods.

"Invoking the blessing of the Lord upon this truly pacific work of the future, we intrust to your care the superintendence of the construction of the town and port.

NICHOLAS."

The following is a translation of an imperial order of July 30/August 12, 1903, creating the Imperial Lieutenancy of the Far East:

Russian Imperial Order regarding Imperial Lieutenancy of the Far East.—August 12, 1903

"The complicated problems of administration in the provinces bordering the eastern frontier of the Empire induce us to be solicitous for the institution of the authority over those provinces.

"In order to assure the pacific satisfaction of the urgent local requirements by the exercise of that authority and recognizing the necessity of forming a Special Lieutenancy to include all the Provinces now under the rule of the Governor General of Pri-Amur and the Kuantung Province it is decreed as follows:

"1. The Imperial Lieutenant of the Far East is invested with the supreme (or high) power in respect of civil administration over those provinces and is independent of different ministries. He is also given the supreme authority regarding the maintenance of order and security in the localities appropriated for the benefit of the Chinese Eastern Railway. Due care and protection in regard to the interests and wants of Russian subjects in the neighboring territories outside of the border of the Imperial Lieutenancy are also confided to him.

"2. Until the law of administration of the Imperial Lieutenancy of the Far East shall have been promulgated, the authority, rights and obligations of the Imperial Lieutenant in relation to both central and local authorities shall be defined in accordance with the principle of the Imperial Decree of January 30, 1845, which was promulgated at the time of the establishment of the Lieutenancy of the Caucasus. All administrative offices and all officials under the Imperial Lieutenant are not allowed to communicate with different ministries and departments concerned except through the Imperial Lieutenant.

"3. All diplomatic relations with neighboring powers in regard to affairs arising in those provinces of the Far East shall be concentrated in the hands of the Imperial Lieutenant.

"4. The command of the naval forces in the Pacific and of all military forces stationed in the territories assigned to him is given to the Imperial Lieutenant.

"5. In order that the action of the chief authority of the Far East shall conform with the general policy of the Empire and the activities of the Ministers a special committee under Our Presidency shall be instituted. Those who assembled and participate in the committee have Our confidence.

"6. General Adjutant Alexieff who is appointed as the Imperial Lieutenant of the Far East is charged with the development of this Imperial Decree and the drafting of the law of administration of those provinces of the Far East together with its enforcement regulations. The Senate will not fail to take due measures when the project shall have been submitted to Us for Our Sanction.

"Given at Peterhof under Our own signature, July 30/August 12, 1903.

NICHOLAS."

No. 5

RUSSIA AND CHINA

Additional agreement defining the boundaries of the leased and neutralized territory in the Liaotung Peninsula.[1]*—May 7, 1898*

The Governments of Russia and China being desirous of adding some stipulations to the Treaty concluded at Peking on the 15/27th March, 1898,[2] the Plenipotentiaries of both Governments have agreed upon the following:

ARTICLE I. In accordance with Article II of the original Treaty the northern territory leased and yielded to Russia—Port Arthur, Talienwan, and the Liaotung Peninsula—shall commence from the north side of Ya Tang Bay on the west coast of Liaotung and shall pass through the ridge of Ya-tang Mountain (the mountain ridge being included in the leased ground) to the east coast of Liaotung near the north side of the P'i-tzû-wo Bay. Russia shall be allowed the use of all the waters adjacent to the leased territory and all the islands around it.

Both countries shall appoint special officers to survey the ground and determine the limits of the leased territory.

ART. II. To the north of the boundary fixed in Art. I, there shall, in accordance with Art. V of the Peking Treaty, be a neutral ground, the northern boundary of which shall commence on the west coast of Liaotung at the mouth of the Kai-chou River, shall pass north of Yu-yen-cheng to the Ta-yang River, and shall follow the left bank of the river to its mouth, this river also to be included in the neutral territory.

ART. III. The Russian Government consents that the terminus of the branch line connecting the Siberian Railway with the Liaotung Peninsula shall be at Port Arthur and Talienwan, and at no other port in the said peninsula.

It is further agreed in common that railway privileges in districts traversed by this branch line shall not be given to the subjects of other Powers. As regards the railway which China shall [may] herself build hereafter from Shan-hai-kuan in extension to a point as near as [*lit.*, nearest to] possible to this branch line, Russia agrees that she has nothing to do with it.

ART. IV. The Russian Government assents to the request of the Chinese Government that the Administration and police of the City of Kinchow shall be Chinese. Chinese troops will be withdrawn from Kinchow and replaced by Russian troops. The inhabitants of the city have the power

[1] MACMURRAY, vol. I, p. 127, translation from the Chinese text as printed in CUSTOMS, vol. II, p. 227. Printed also in translations from unofficial versions in *China, No. 1 (1899)*, p. 188; ROCKHILL, p. 53; *Am. Journal Int. Law*, Supplement, 1910, p. 291; *F. E. Review*, vol. 11, p. 395; HERTSLET, p. 508.

In connection with this agreement see the convention for the lease, March 27, 1898 (No. 4, *ante*); also the agreement for the southern Manchurian branch of the Chinese Eastern Railway, July 6, 1898 (No. 6, *post*).

[2] No. 4, *ante*.

to use the roads from Kinchow to the north boundary of the leased territory, and the waters usually required near the city, the use of which has been granted to Russia; but they have no power to use the sea-coast (round about).

ART. V. The Chinese Government agrees [*lit.*, agrees to recognize]:

1. That without Russia's consent no concession will be made in the neutral ground for the use of subjects of other Powers.

2. That the ports on the sea-coast east and west of the neutral ground shall not be opened to the trade of other Powers.

3. And that without Russia's consent no road and mining concessions, industrial and mercantile privileges shall be granted in the neutral territory.

ART. VI. The Articles agreed to above will be drawn up, one copy in Chinese and one in Russian, and signed by the plenipotentiaries of the two countries.

For purposes of interpretation, the Russian will be the authoritative text.

Kuang-hsü, 24th year, 3rd intercalary month, 17th day: Russian Calendar, April 25, 1898 (May 7th, 1898).

No. 6

RUSSIA (Chinese Eastern Railway) AND CHINA

Agreement concerning the southern branch of the Chinese Eastern Railway.[1]*—July 6, 1898*

Hsü (Ching-ch'eng), Ambassador (?) of the Imperial Chinese Government, and Yang(-ju), Minister of the Imperial Chinese Government to Russia, have received an Imperial Decree of the 7th of the Fifth Moon, XXIV Year of Kuang-hsü, that is the 13th of June, 1898, Russian Calendar (June 25th, 1898, New Style), authorizing them to draw up a contract with the Chinese Eastern Railway Company in accordance with the provisions of the Treaty between China and Russia, entered into at Peking on the 6th of the Third Moon, XXIV Year of Kuanghsü, i. e. March 15, 1898, Russian Calendar (March 27th, 1898, N. S.)[2] and those of the Special Supplementary Articles to the same, agreed upon at St. Petersburg on the 17th of the Intercalary Third Moon—April 25, 1898—(May 7th, 1898, N. S.)[3] to the effect that, from the date of the signing of said Treaty by the Chinese Government, in accordance with the permission given in the XXII Year of Kuanghsü (1896) to the Chinese Eastern Railway Company to construct certain railways, a branch line might be built and operated, which should

[1] MACMURRAY, vol. I, p. 154, translation from the Chinese text as printed in CUSTOMS, vol. II, p. 233. See Note to this document, *post*, p. 50.

[2] No. 4, *ante*.

[3] No. 5, *ante*.

begin at a station, to be selected on the main line of the Chinese Eastern Railway, and extend to the sea-ports, Dalny and Port Arthur in the Liaotung Peninsula; the said branch line to be dealt with in careful compliance with the terms of the Contract of the 2d of the Eighth Moon, XXII Year of Kuanghsü, August 27, 1896, Russian Calendar (September 8, 1896, N. S.)[1] between the Chinese Government and the Russo-Chinese Bank.

In accordance with the foregoing provisions, the following Articles relating to the construction and operation of a railway through Manchuria are now agreed upon, to-wit:.

ARTICLE I. This branch of the Chinese Eastern Railway, extending to the sea-ports of Port Arthur and Dalny, shall be known as the Southern Manchurian Branch of the Chinese Eastern Railway.

ART. II. In accordance with Article IV of the Contract of the 2d. of the Eighth Moon, XXII Year of Kuanghsü, August 27, 1896 (Sept. 8th, 1896, N. S.), which provides that the Chinese Government shall take steps as occasion may require to facilitate the bringing in of the materials needed for the construction of the line, whether transported by water or by land, it is now agreed that the Company may employ steamers or other vessels, and such vessels flying the Company's flag shall be permitted to proceed up the Liao River or any of its branches, and to enter Ying-k'ou (the port of Newchwang) or any port in the Neutral Territory which may prove advantageous to the work of constructing this line, and may there discharge cargo.

ART. III. In order to facilitate the bringing in by the Chinese Eastern Railway Company of the materials and provisions needed in the construction of the Southern Manchurian Branch, it is permitted the Company to build temporary branch lines from this road to Ying-k'ou and to sea-ports in the Neutral Zone, but when the work of building the line is completed and the road is open for traffic the Company must at the notice of the Chinese Government remove these branch railways; that is to say, within eight years from the date of the survey and determination of the line and the appropriation of the land for its construction these temporary branch lines must be removed.

ART. IV. In accordance with the permission granted to the Company in the XXIII Year of Kuanghsü (1897) to cut timber and mine coal for the use of the railway, it is now agreed to allow the Company to fell timber at its pleasure in the forests on government lands, each tree to be paid for at a price to be fixed by the Engineer-in-Chief or his deputy in consultation with the local authorities, but not higher than the local market rate. But no forests on property in the province of Shengking belonging to the Imperial Family, or on sites that affect the *feng-shui* being under the direct control of the Peking Government may be injured or disturbed.

The Company shall also be allowed in the regions traversed by this branch line to mine such coal as may be needed for the construction or

[1] No. 3, *ante*.

operation of the railway, the price of which coal shall be fixed by the Engineer-in-Chief or his Deputy in consultation with the local authorities but shall not exceed the royalty paid by other parties in the same locality.

ART. V. Within the leased territory on the Liao-tung Peninsula Russia may fix the Customs Tariff to suit herself, and China may levy and collect duties at the boundaries on all goods going from the leased territory to the interior or from the interior to the leased territory. In dealing with this matter China may arrange with Russia for the latter Government to establish the Customs at Dalny and from the date of the opening of the said port to international trade to appoint the Chinese Eastern Railway Company to act as the Agent of the Chinese Imperial Board of Revenue to open and manage the Customs and in its behalf to levy and collect duties. The said Customs shall be under the sole control of the Peking Government, to which the said Agent shall from time to time report its management. In addition there shall be appointed a Chinese civil official to be stationed as Deputy at the said Customs. All baggage of passengers and all goods brought from railway stations within the Russian boundaries by the said line into the territory leased to Russia in the Liao-tung Peninsula, or shipped from the said leased territory into the Russian Empire shall be entirely free of all Customs duties as well as of all Inland Transit and Likin dues. Goods shipped by rail from the interior of China to the leased territory or from the leased territory to the interior must pay export or import duties respectively according to the Imperial Maritime Customs Tariff without increase or reduction.

ART. VI. The Company may at its pleasure assume the responsibility of establishing a line of sea-going vessels flying the Company's flag, to be operated under the Regulations for Foreign Mercantile Shipping. Should these vessels or the management of the business in connection therewith occasion any financial loss, the Chinese Government shall not be held responsible. Passenger fares and freight rates shall be established by the Company to suit itself, and shall in no wise concern the railway. The period of the management of the said enterprise being of course unlimited, the provisions of Article XII of the Contract between the Chinese Government and the Russo-Chinese Bank of the XXII year of Kuanghsü (1896)[1] fixing a price for the purchase of the railway, and a date for its reversion to China without payment, shall not apply to this undertaking.

ART. VII. As to the location of the Southern Manchurian Railway Line, and the determination of the places through which it shall pass, it will be necessary to wait until the Engineer-in-Chief shall have surveyed the route through Manchuria and made report of the conditions to the Head Office of the Company, when the Company or its Agent in Peking shall consult with the Director General of the Railway and decide the matter.

[1] *i. e.*, No. 3, *ante*.

Note

To the text as printed in CUSTOMS is appended the reading of a telegram of which the translation is as follows:

"In accordance with Treaty of Peking of 6th of Third Moon and Special Articles of Intercalary Moon, extension of Chinese Eastern Railway Company, to build and operate a branch line from station to be selected on main line to sea-ports Port Arthur and Dalny in Liao-tung. Careful compliance with provisions of Russo-Chinese Bank's contract. Supplementary Articles proposed as follows:

"1. This Branch line, extending to Port Arthur and Dalny, shall be known as the Southern Manchurian Branch of Chinese Eastern Railway.

"2. Original Agreement, Article IV, (provides) Chinese Government to take steps to facilitate transport by land or water of materials for construction of railway. Company permitted to employ steamships or other vessels flying Company's flag which may enter Liao River and branches and proceed to Ying-k'ou and all sea-ports in Neutral Zone and there unload materials.

"3. In order to facilitate shipment of materials and provisions, Company permitted to construct temporary branch lines from Southern Manchurian line to Ying-k'ou and sea-ports in Neutral Zone, but when the work of building railway is completed and whole line open to traffic, all these temporary branch lines to be removed at pleasure of Chinese Government.

"4. The Chinese Government in First Moon last year granted permission to obtain coal and wood. Company now allowed to fell timber in forests on government lands, price of each tree to be fixed by local authorities in conference with Engineer-in-Chief, but not to be made higher than local market rate. But, forests in province of Shengking, property of Imperial Family, affecting *Feng-shui,* under control of Peking Government, not allowed to be touched.

"Company also permitted in localities through which this branch line passes to mine coal, payment for same also to be determined by conference but not to be more than paid by others.

"5. Within the Leased Territory Russia to determine for herself the Customs Tariff. China must collect duties on goods at the boundary of Leased Territory. With respect to this matter arrangements may be made permitting Russia on opening of Dalny to international trade to establish the Customs at that port and appoint the Company to act as Agent of Chinese Imperial Board of Revenue, levying and collecting duties, under direct control of Peking Government, and reporting its management to same from time to time. Goods coming from railway stations within the Russian boundaries into the leased Territory or from the latter into Russia to be free of all Customs duty and likin charges; those going by railway from leased territory into the interior of China or from interior to leased territory to pay duty according to tariff of Imperial Maritime Customs without increase or reduction.

"6. Company allowed to establish line of merchant steamships flying Company's flag. If any financial loss, China not responsible; this business not to involve the railway, and not to be dealt with under provisions of original contract fixing price for purchase (of railway) and date for reversion (without payment).

"7. Location of line of Southern Manchurian Railway and determination of places through which it will pass to await surveys in Manchuria by Engineer-in-Chief when Company, or its Agent in Peking will consult with Director General and decide.

"The above is translated by Ch'êng Ju-chiang from the complete text of letter received from Chinese Eastern Railway, omitting unimportant words and phrases, this third day of Fourth Moon, Kuanghsü XXIV Year (May 22, 1898)."

In connection with this agreement see the following translation from the Russian text of the first supplement to the charter of the Chinese Eastern Railway (printed, *ante,* as an annex to the Chinese Eastern Railway Agreement of September 8, 1896, No. 3), dated February 5/17, 1899:

First Supplement to Charter of Chinese Eastern Railway.—February 17, 1899

"1. In accordance with the treaty, entered upon on June 24 (July 6), 1898, by the Chinese Eastern Railway Company and the Chinese Imperial Government, this com-

pany is authorized to construct a branch line from one of the stations of the main line to the ports of Talien-wan and Port Arthur, situated on the Kuantung Peninsula, also to operate this branch which shall be named 'the Southern Manchurian Line,' of the Chinese Eastern Railway.

"2. By Imperial order of May 29 (June 10), 1898, the company is authorized to construct a commercial port on the Talien-wan Bay.

The Company is also authorized to exploit this port.

"3. According to the Imperial order of June 12 (24), 1898, the Chinese Eastern Railway Company is permitted to establish its own steamship service in the waters of the Pacific Ocean.

"This steamship service is for the purpose:

(*a*) of securing, during the construction of the Chinese Eastern Railway, the timely delivery of the necessary freight, materials and workmen, and thus cooperate in the successful course of the construction of this railway.

(*b*) during the exploitation of the Chinese Eastern Railway, of joining by means of steamship service the terminal points of the railway Vladivostok and Talien-wan (i.e., Dalny) with the principal ports of China, Japan, and Korea and thus securing regular and speedy transfer of passengers and freight, going from Russia and Western Europe to the Far East and back.

"Moreover, upon the refusal of Commercial Councillor Sheveleff to maintain from January 1 (13), 1900, regular steamship communication between the ports of the littoral, the Primorski District (the line of the Tartary Strait and that of Peter the Great), also between Vladivostok and the open ports of Korea, Japan and China, the duties and obligations of Commercial Councillor Sheveleff devolve upon the Chinese Eastern Railway Company, beginning with January 1 (13), 1900.

"The further determination as to the direction of the steamship lines is left to the Board of Directors of the Company upon approval of the Russian Minister of Finance.

"4. In order to facilitate the conveying of the necessary materials and provisions for the construction of the Southern Manchurian Line, the Company is authorized to establish branch lines to the port of Ind-tsi (Ying-tzu=Niuchwang) and other ports of the neutral zone with the proviso that, upon completion of the line and the establishment of regular traffic on the same, the branch lines to the above named ports should be destroyed by the Company, should the Chinese Government formulate that demand.

"5. The construction and exploitation of the Southern Manchurian Line and the branch lines mentioned in par. 4, as well as the construction and exploitation of the commercial port at Talien-wan (i. e., Dalny), also the establishment and exploitation of the steamship service, the Company is under obligation to run strictly according to the rules of its charter, and to the stipulations of the treaty concluded on June 24 (July 6), 1898, between the Company and the Imperial Chinese Government. However, no term is set to the exploitation by the Company of the steamship lines, as well as of the commercial port at Talien-wan, and the stipulations of par. 12 of the treaty of August 27 (Sept. 8), 1896, entered upon by the Russo-Chinese Bank and the Chinese Government with regard to the terms of purchase and the free transfer of the railway to the above named Government, do not extend to the Company with regard to the steamship lines and the commercial port.

"6. The baggage of passengers, as well as the merchandise sent through over one of the branches of the railway from one of the Russian frontier stations to some part of the Liao-tung Peninsula leased by Russia, are not subject to any custom duties; they are likewise exempt of all taxes and interior dues. Merchandise sent by rail from the territory leased by Russia into the interior of China, as well as those brought from the interior of China to that territory, are subject to the payment of import and export duties of Chinese seaports without any increase or diminution of the same.

"7. The maximum of seaport duties to be collected in the commercial port of Talien-wan, as well as the maximum tariff for the carrying of passengers and freight on the steamships of the Company, as well as the supplementary payments to be made for their conveyance, are determined by the Russian Minister of Finance upon their being laid before him for approval by the Board of the Company. The amount of seaport dues, the tariff for transportation by sea and supplementary dues for the same within

the limits of the above stated normal amounts determined by the Minister of Finance, are determined by the Board itself.

"8. For the purpose of covering the expenditures incurred by the construction of the Southern Manchurian Line and the commercial port at Talien-wan, and the establishment of steamship service in the waters of the Pacific Ocean, the Company is authorized to issue, according to its needs, upon conditions determined in paragraphs 11 and 12 of the Company's Charter sanctioned by Imperial Ukase of December 4 (16), 1896, supplementary obligations, and that part of the debenture capital which is destined specially for the needs of the port and the steamship service must have separate accounts and books from that of the railway.

"9. During the exploitation of the commercial port at Talien-wan as well as the exploitation of the steamship service organized by the Company for the waters of the Pacific Ocean, the Company must institute separate accounts and books from those of the railway as to the income and expenditure.

"Should the gross profit of the commercial port at Talien-wan and from the steamship service prove insufficient to cover the expense of their exploitation, make the annual payments on the debenture capital, specially appointed for the needs of these undertakings, as also to lay aside the obligatory amount of money for the amortization of the fund—the lacking sums may be obtained by the Company from the Russian Government through the Minister of Finance, the per cent to be paid on the guarantee for the debenture capital at the rate of 6 percent per annum, while all the other payments will be made to the Company upon conditions determined for each individual case by the Minister of Finance. The possible surplus of net profit, that may be left after the payment of all obligatory amounts and the deduction into the reserve fund of the remaining sum from the exploitation of the Talien-wan commercial port and the steamship service, shall be first of all used for the amortization of the debt to the Russian Government, incurred for the commercial port and the steamship service, and only in the years when the Company will have paid off all its debts, shall that surplus be added as a supplementary amount to the dividend falling to the shareholders.

"10. Should the Chinese Government deem it necessary to establish, with the consent of the Russian Government, a custom house at Talien-wan for the purpose of collecting the duty on merchandise exported and imported by rail from and to the part of the Liaotung Peninsula, leased by Russia, the organization and administration of this custom house shall be entrusted to the Chinese Eastern Railway Company, which will collect the taxes in the capacity of an agent of and for the Chinese treasury, the expenditures for the maintenance of the same to be paid from its profits at a rate annually determined jointly by the company and the Chinese Government. The custom house shall be in the immediate custody of the central administration at Peking, accounts on its operations to be periodically presented to the same. The Chinese Government has the right to appoint a civilian official of Chinese nationality, who shall fill the post of Chinese Agent at that custom house.

"11. In all cases, overlooked in the supplement, the Company shall be ruled by corresponding regulations of the Company's Charter sanctioned by Imperial Ukase on December 4 (16), 1896, and those of the treaties of August 27 (September 8), 1896, and June 24 (July 6), 1898, concluded between the Chinese Government, the Russo-Chinese Bank, and the Board of the Company.

See also Article 6 of the treaty of peace between Japan and Russia, September 5, 1905 (No. 12, *post*), and the treaty between Japan and China, December 22, 1905 (No. 13, *post*), in regard to the transfer to Japan of that portion of the railway between Port Arthur and Chang-chun (Kuan-cheng-tzu).

No. 7

GREAT BRITAIN AND RUSSIA

Identic notes exchanged with regard to railway interests in China[1]*—April 28, 1899*

SIR C. SCOTT TO COUNT MOURAVIEFF

The Undersigned, British Ambassador, duly authorized to that effect, has the honour to make the following declaration to His Excellency Count Mouravieff, Russian Minister for Foreign Affairs.

Great Britain and Russia, animated by a sincere desire to avoid in China all cause of conflict on questions where their interests meet, and taking into consideration the economic and geographical gravitation of certain parts of that Empire, have agreed as follows:

1. Great Britain engages not to seek for her own account, or on behalf of British subjects or of others, any railway Concessions to the north of the Great Wall of China, and not to obstruct, directly or indirectly, applications for railway Concessions in that region supported by the Russian Government.

2. Russia, on her part, engages not to seek for her own account, or on behalf of Russian subjects or of others, any railway concessions in the basin of the Yangtze, and not to obstruct, directly or indirectly, applications for railway concessions in that region supported by the British Government.

The two Contracting Parties, having nowise in view to infringe in any way the sovereign rights of China or existing Treaties, will not fail to communicate to the Chinese Government the present arrangement, which, by averting all cause of complications between them, is of a nature to consolidate peace in the Far East, and to serve the primordial interests of China herself.

CHARLES S. SCOTT.[2]

ST. PETERSBURG, *April 28, 1899.*

SIR C. SCOTT TO COUNT MOURAVIEFF

In order to complete the notes exchanged this day respecting the partition of spheres for Concessions for the construction and working of rail-

[1] MACMURRAY, vol. I, p. 204. Printed also in ROCKHILL, p. 183; *B. & F. State Papers,* vol. 91, p. 91; *British Treaty Series,* (1899, No. 11); *Am. Journal, Int. Law,* Supplement, 1910, p. 298; HERTSLET, p. 586; KENT, p. 220; *Recueil,* p. 358.

In connection with this exchange of notes see also the note of the Tsung-li Yamen to the Russian Minister, June 1, 1899 (No. 8, *post*); agreement between Russia and China concerning Manchuria, April 8, 1902 (No. 11, *post*); agreement for the transfer of the Peking-Shanhaikuan Railway to the Chinese Civil Administration, and the additional agreement respecting the management of the northern railways, April 29, 1902 (MACMURRAY, vol. I, p. 331), and the note of the Wai-wu Pu to the Russian Minister, June 10, 1902, attached thereto.

[2] The same, *mutatis mutandis,* was sent the same day by Count Mouravieff, Minister of Foreign Affairs of Russia, to Sir Charles Scott.

ways in China, it has been agreed to record in the present additional note the agreement arrived at with regard to the line Shanhai-kuan-Newchwang, for the constructon of which a loan has been already contracted by the Chinese Government with the Shanghai-Hongkong Bank, acting on behalf of the British and Chinese Corporation.

The general arrangement established by the above-mentioned notes is not to infringe in any way the rights acquired under the said Loan Contract, and the Chinese Government may appoint both an English engineer and an European accountant to supervise the construction of the line in question, and the expenditure of the money appropriated to it.

But it remains understood that this fact cannot be taken as constituting a right of property or foreign control, and that the line in question is to remain a Chinese line, under the control of the Chinese Government, and cannot be mortgaged or alienated to a non-Chinese Company.

As regards the branch line from Siaoheishan to Sinminting, in addition to the aforesaid restrictions, it has been agreed that it is to be constructed by China herself, who may permit European—not necessarily British—engineers to periodically inspect it, and to verify and certify that the work is being properly executed.

The present special Agreement is naturally not to interfere in any way with the right of the Russian Government to support, if it thinks fit, applications of Russian subjects or establishments for Concessions for railways, which, starting from the main Manchurian line in a southwesterly direction, would traverse the region in which the Chinese line terminating at Sinminting and Newchwang is to be constructed.

CHARLES S. SCOTT.[1]

ST. PETERSBURG, *April 28, 1899.*

No. 8

RUSSIA AND CHINA

Note of the Tsung-li Yamen to the Russian Minister at Peking in regard to the construction of railways northward and northeastward from Peking.[2]*—June 1, 1899*

Your Excellency:

We discussed with Your Excellency a few days ago the subject of a railway connecting the Manchurian Railway with Peking, and explained the

[1] The same, *mutatis mutandis,* was sent the same day by Count Mouravieff, Minister of Foreign Affairs of Russia, to Sir Charles Scott.

[2] MACMURRAY, vol. I, p. 207, translation from the Chinese text. See Note to this document, *post,* p. 55.

difficulty felt by the Chinese Government in acceding to the proposal. But we stated clearly that no other Government would be allowed to construct such a railway.

We now wish to reiterate in the plainest terms that China agrees that if railways are in future built from Peking to the north or to the northeast towards the Russian border, China reserves the right to construct such roads with Chinese capital and under Chinese supervision, but if it is proposed to have such construction undertaken by any other nation, the proposal shall be first made to the Russian Government or to the Russian syndicate to construct the railway, and on no consideration will any other Government or a syndicate of any other nationality be allowed to construct the railway.

We ask Your Excellency to communicate this message to the Foreign Office of Your Excellency's Government.

Note

The following is a translation from the Chinese version of the acknowledgment addressed to the Tsung-li Yamen by the Russian Minister (Mr. de Giers) under date of June 17, 1899:

Reply of Russian Minister in regard to Railways Northward and Northeastward from Peking.—June 17, 1899

"Receipt is acknowledged of Your Excellencies' note of the twenty-third day of the fourth moon of this year (June 1, 1899), stating that the Chinese Government would not allow any other Government to construct a railway to Peking, and furthermore agreeing that if railways are in future built from Peking to the north or to the northeast towards the Russian border, no matter in what direction, China reserves the right to construct such roads with Chinese capital and under Chinese supervision, but if it is proposed to have such construction undertaken by any other nation, the proposal shall first be made to the Russian Government or to the Russian syndicate to construct the railway, and on no consideration will any other Government or a syndicate of any other nationality be allowed to construct the railway.

"The statements above set forth were communicated, in accordance with your request, to my Government, and I have now received a reply from Count Mouravieff, as follows:

"'The assurances of the Chinese Government have been respectfully noted. While the Russian Government will not at once ask for the construction of a road connecting the main line of the Manchurian Railway with Peking, the demand of Russia for the construction of this road was based on the responsibility assumed by the Chinese Government in its note of the thirteenth day of the sixth moon of last year (July 31, 1898), which is direct and incontrovertible, the failure to fulfil which involves an idemnity. This responsibility cannot therefore be allowed to lapse.'"

In connection with this note, see the Anglo-Russian exchange of notes of April 28, 1899 (No. 7, *ante*); agreement between Russia and China concerning Manchuria, April 8, 1902 (No. 11, *post*); agreement for the transfer of the Peking-Shanhaikuan Railway to the Chinese Civil Administration, and the additional agreement respecting the management of the northern railways, April 29, 1902 (MacMurray, vol. I, p. 331), and note of the Wai-wu Pu to the Russian Minister, June 10, 1902, attached thereto.

No. 9

UNITED STATES AND FRANCE, GERMANY, GREAT BRITAIN, ITALY, JAPAN AND RUSSIA

Declarations accepting the commercial policy of the "Open Door."[1]—*March 20, 1900*[2]

JAPAN

MR. HAY TO MR. BUCK

No. 263] DEPARTMENT OF STATE,
Washington, November 13, 1899.

SIR: This Government, animated with a sincere desire to insure to the commerce and industry of the United States and of all other nations perfect equality of treatment within the limits of the Chinese Empire for their trade and navigation, especially within the so-called "spheres of influence or interest" claimed by certain European Powers in China, has deemed the present an opportune moment to make representations in this direction to Germany, Great Britain, and Russia.

To obtain the object it has in view and to remove possible causes of international irritation and reestablish confidence so essential to commerce, it has seemed to this Government highly desirable that the various Powers claiming "spheres of interest or influence" in China should give formal assurances that—

First. They will in no way interfere with any treaty port or any vested interest within any so-called "sphere of interest" or leased territory they may have in China.

Second. The Chinese treaty tariff of the time being shall apply to all

[1] MACMURRAY, vol. I, p. 221. Printed also in ROCKHILL, p. 185; *For. Rel.*, 1899; MALLOY, p. 244; H. Doc. 547, 56th Cong., 1st Sess. In further reference to the "open door" agreement, consult MOORE, *International Law Digest*, vol. 5, pp. 534-549, and *China, No. 5, (1900)*.

Only the correspondence with Japan and Russia is here printed. For the correspondence with France, Germany, Great Britain and Italy, see MACMURRAY, vol. I, p. 221.

In connection with this agreement see also Secretary Hay's Circular to the Powers, July 3, 1900, setting forth the policy of seeking a solution of the Boxer disturbances "which may bring about permanent safety and peace to China, preserve Chinese territorial and administrative entity, protect all rights guaranteed to friendly Powers by Treaty and international law, and safeguard for the world the principle of equal and impartial trade with all parts of the Chinese Empire." (*For. Rel.*, 1900, pp. 299 *et seq.*)

[2] The date is that of Secretary Hay's instruction to American diplomatic representatives, embodying the notification of the acceptance of the American proposal by all the Governments concerned.

merchandise landed or shipped to all such ports as are within said "sphere of interest" (unless they be "free ports"), no matter to what nationality it may belong, and that duties so leviable shall be collected by the Chinese Government.

Third. They will levy no higher harbor dues on vessels of another nationality frequenting any port in such "sphere" than shall be levied on vessels of their own nationality, and no higher railroad charges over lines built, controlled, or operated within such "sphere" on merchandise belonging to citizens or subjects of other nationalities transported through such "sphere" than shall be levied on similar merchandise belonging to their own nationals transported over equal distances.

The policy pursued by His Imperial German Majesty in declaring Tsing-tao (Kiao-chao) a free port and in aiding the Chinese Government in establishing there a custom-house, and the Ukase of His Imperial Russian Majesty of August 11 last erecting a free port at Dalny (Ta-lien-wan) are thought to be proof that these Powers are not disposed to view unfavorably the proposition to recognize that they contemplate nothing which will interfere in any way with the enjoyment by the commerce of all nations of the rights and privileges guaranteed to them by existing treaties with China.

Repeated assurances from the British Government of its fixed policy to maintain throughout China freedom of trade for the whole world insure, it is believed, the ready assent of that Power to our proposals. It is no less confidently believed that the commercial interests of Japan would be greatly served by the above-mentioned declaration, which harmonizes with the assurances conveyed to this Government at various times by His Imperial Japanese Majesty's diplomatic representative at this capital.

You are therefore instructed to submit to His Imperial Japanese Majesty's Government the above considerations, and to invite their early attention to them, and express the earnest hope of your Government that they will accept them and aid in securing their acceptance by the other interested Powers.

I am, etc., JOHN HAY.

VISCOUNT AOKI TO MR. BUCK

[Translation]

DEPARTMENT OF FOREIGN AFFAIRS,

Tokyo, the 26th day, the 12th month of the 32d year of Meiji.

(December 26, 1899.)

MR. MINISTER: I have the honor to acknowledge the receipt of the note No. 176 of the 20th instant, in which, pursuing the instructions of the

United States Government, Your Excellency was so good as to communicate to the Imperial Government the representations of the United States as presented in notes to Russia, Germany, and Great Britain on the subject of commercial interests of the United States in China.

I have the happy duty of assuring Your Excellency that the Imperial Government will have no hesitation to give their assent to so just and fair a proposal of the United States, provided that all the other Powers concerned shall accept the same.

I avail myself, etc.,

VISCOUNT AOKI SIUZO,
Minister for Foreign Affairs.

RUSSIA

MR. HAY TO MR. TOWER

No. 82] DEPARTMENT OF STATE,
Washington, September 6, 1899.

SIR: In 1898, when his Imperial Majesty had, through his diplomatic representative at this capital, notified this Government that Russia had leased from His Imperial Chinese Majesty the ports of Port Arthur, Ta-lien-wan, and the adjacent territory in the Liao-tung Peninsula in northeastern China for a period of twenty-five years, your predecessor received categorical assurances from the Imperial Minister for Foreign Affairs that American interests in that part of the Chinese Empire would in no way be affected thereby, neither was it the desire of Russia to interfere with the trade of other nations, and that our citizens would continue to enjoy within said leased territory all the rights and privileges guaranteed them under existing treaties with China. Assurances of a similar purport were conveyed to me by the Emperor's Ambassador at this capital; while fresh proof of this is afforded by the Imperial Ukase of July 30/August 11 last, creating the free port of Dalny, near Ta-lien-wan, and establishing free trade for the adjacent territory.

However gratifying and reassuring such assurances may be in regard to the territory actually occupied and administered, it can not but be admitted that a further, clearer, and more formal definition of the conditions which are henceforth to hold within the so-called Russian "sphere of interest" in China as regards the commercial rights therein of our citizens is much desired by the business world of the United States, inasmuch as such a declaration would relieve it from the apprehensions which have exercised

a disturbing influence during the last four years on its operations in China.

The present moment seems particularly opportune for ascertaining whether His Imperial Russian Majesty would not be disposed to give permanent form to the assurances heretofore given to this Government on this subject.

The Ukase of the Emperor of August 11 of this year, declaring the port of Ta-lien-wan open to the merchant ships of all nations during the remainder of the lease under which it is held by Russia, removes the slightest uncertainty as to the liberal and conciliatory commercial policy His Majesty proposes carrying out in northeastern China, and would seem to insure us the sympathetic and, it is hoped, favorable consideration of the propositions hereinafter specified.

The principles which this Government is particularly desirous of seeing formally declared by His Imperial Majesty and by all the great Powers interested in China, and which will be eminently beneficial to the commercial interests of the whole world, are:

First. The recognition that no Power will in any way interfere with any treaty port or any vested interest within any leased territory or within any so-called "sphere of interest" it may have in China.

Second. That the Chinese treaty tariff of the time being shall apply to all merchandise landed or shipped to all such ports as are within said "sphere of interest" (unless they be "free ports"), no matter to what nationality it may belong, and that duties so leviable shall be collected by the Chinese Government.

Third. That it will levy no higher harbor dues on vessels of another nationality frequenting any port in such "sphere" than shall be levied on vessels of its own nationality, and no higher railroad charges over lines built, controlled, or operated within its "sphere" on merchandise belonging to citizens or subjects of other nationalities transported through such "sphere" than shall be levied on similar merchandise belonging to its own nationals transported over equal distances.

The declaration of such principles by His Imperial Majesty would not only be of great benefit to foreign commerce in China, but would powerfully tend to remove dangerous sources of irritation and possible conflict between the various Powers; it would reestablish confidence and security; and would give great additional weight to the concerted representations which the treaty Powers may hereafter make to His Imperial Chinese Majesty in the interest of reform in Chinese administration so essential to the consolidation and integrity of that Empire, and which, it is believed, is a fundamental principle of the policy of His Majesty in Asia.

Germany has declared the port of Kiao-chao, which she holds in Shantung under a lease from China, a free port and has aided in the establish-

ment there of a branch of the Imperial Chinese Maritime Customs. The Imperial German Minister for Foreign Affairs has also given assurances that American trade would not in any way be discriminated against or interfered with, as there is no intention to close the leased territory to foreign commerce within the area which Germany claims. These facts lead this Government to believe that the Imperial German Government will lend its cooperation and give its acceptance to the proposition above outlined, and which our Ambassador at Berlin is now instructed to submit to it.

That such a declaration will be favorably considered by Great Britain and Japan, the two other Powers most interested in the subject, there can be no doubt; the formal and oft-repeated declarations of the British and Japanese Governments in favor of the maintenance throughout China of freedom of trade for the whole world insure us, it is believed, the ready assent of these Powers to the declaration desired.

The acceptance by His Imperial Majesty of these principles must therefore inevitably lead to their recognition by all the other Powers interested, and you are instructed to submit them to the Emperor's Minister for Foreign Affairs and urge their immediate consideration.

A copy of this instruction is sent to our Ambassadors at London and Berlin for their confidential information, and copies of the instructions sent to them on this subject are enclosed herewith.

I have, etc., JOHN HAY.

(Enclosures: To London, September 6, 1899, No. 205. To Berlin, September 6 1899, No. 927.)

COUNT MOURAVIEFF TO MR. TOWER

[Translation]

MINISTRY OF FOREIGN AFFAIRS,
December 18–30, 1899.

MR. AMBASSADOR: I had the honor to receive Your Excellency's note dated the 8th–20th of September last, relating to the principles which the Government of the United States would like to see adopted in commercial matters by the Powers which have interests in China.

In so far as the territory leased by China to Russia is concerned, the Imperial Government has already demonstrated its firm intention to follow the policy of "the open door" by creating Dalny (Ta-lien-wan) a free port; and if at some future time that port, although remaining free itself, should be separated by a customs limit from other portions of the territory in question, the customs duties would be levied, in the zone subject to the tariff, upon all foreign merchandise without distinction as to nationality.

As to the ports now opened or hereafter to be opened to foreign

commerce by the Chinese Government, and which lie beyond the territory leased to Russia, the settlement of the question of customs duties belongs to China herself, and the Imperial Government has no intention whatever of claiming any privileges for its own subjects to the exclusion of other foreigners. It is to be understood, however, that this assurance of the Imperial Government is given upon condition that a similar declaration shall be made by other Powers having interests in China.

With the conviction that this reply is such as to satisfy the inquiry made in the aforementioned note, the Imperial Government is happy to have complied with the wishes of the American Government, especially as it attaches the highest value to anything that may strengthen and consolidate the traditional relations of friendship existing between the two countries.

I beg you to accept, etc.,

COUNT MOURAVIEFF.

INSTRUCTIONS SENT MUTATIS MUTANDIS TO THE UNITED STATES AMBASSADORS AT LONDON, PARIS, BERLIN, ST. PETERSBURG, AND ROME, AND TO THE UNITED STATES MINISTER AT TOKYO

DEPARTMENT OF STATE,
Washington, March 20, 1900.

SIR: The ——— Government having accepted the declaration suggested by the United States concerning foreign trade in China, the terms of which I transmitted to you in my instruction No. — of ———, and like action having been taken by all the various Powers having leased territory or so-called "spheres of interest" in the Chinese Empire, as shown by the notes which I herewith transmit to you,[1] you will please inform the Government to which you are accredited that the condition originally attached to its acceptance—that all other Powers concerned should likewise accept the proposals of the United States—having been complied with, this Government will therefore consider the assent given to it by ——— as final and definitive.

You will also transmit to the Minister for Foreign Affairs copies of the present enclosures, and by the same occasion convey to him the expression of the sincere gratification which the President feels at the successful termination of these negotiations, in which he sees proof of the friendly spirit which animates the various Powers interested in the untrammeled development of commerce and industry in the Chinese Empire, and a source of vast benefit to the whole commercial world.

I am, etc., JOHN HAY.

[1] Those exchanged with Japan and Russia printed *ante*.

No. 10

RUSSIA (Chinese Eastern Railway Company) AND CHINA (Provincial Government of Kirin)

Agreement regarding jurisdiction over Chinese subjects in the railway zone.[1]*—July 5/18, 1901*

Under instructions from the Engineer-in-Chief of the Chinese Eastern Railway, his duly authorized representative, Mr. Daniel, has concluded with the Chiang Chun of Kirin at the present time, that is on July 5/18, 1901, and according to the Chinese calendar the 3rd day of the 6th month of the 27th year of the reign of Kuang Hsü, the following agreement, supplementing and amending the agreement concluded on May 19/31, 1899,[2] with Chiang-Chun Yang of Kirin for the establishment in Harbin of a Principal Department for Foreign and Railway Affairs:

1.—In Harbin, Kirin Province, there is established a Principal Department of Foreign and Railways Affairs. For this purpose, there shall be appointed a special staff of Chinese officials, of whom some shall be stationed permanently in Harbin, while others shall be distributed along the line, so that there shall be one official with each district superintendent, it being provided that these latter officials shall be directly subordinate to and at the disposition of the Harbin Department.

2.—The said Department is established for the final settlement of all cases arising in Kirin Province, if these affairs directly or indirectly touch the interests of the Chinese Eastern Railway Company, and also directly or indirectly touch the interests of Chinese subjects, not only those working on the railway, such as employees of various kinds, artisans, laborers, contractors and persons supplying goods to the railway, but also and in the same measure all other Chinese subjects, whether merchants, artisans, domestic servants and other Chinese, temporarily or permanently residing in the leased zone of the railway, even if the nature of their occupation does not have any direct relation to the railway. The Harbin Department, having its officials along the line with the district superintendents, shall entrust to these officials the settlement on the spot with the knowledge of and by agreement with the district superintendent of cases which do not constitute serious violations of Chinese laws and railway regulations; the consideration, however, and decision of the more important cases, such as cases of murder,

[1] MacMurray, vol. I, p. 274, translation from the Russian version printed in *Soglashenia*, p. 23.

In connection with this agreement see Chinese Eastern Railway Contract of September 8, 1896 (No. 3, *ante*); also similar agreement of January 1/14, 1902, with the provincial authorities of Heilungkiang (MacMurray, vol. I, p. 321).

[2] MacMurray, vol. I, p. 277.

open and collective disobedience of the authorities, Russian or Chinese, adultery, theft of over three hundred Kirin *tiao,* usury and the like, even if these cases shall arise in the section of the line furthest removed from Harbin, shall be transferred for examination and final decision to the Harbin Department. In doubtful cases, the Chinese official briefly setting forth the case in conjunction with the district superintendent, shall inquire of the Harbin Department whether the case is to be settled on the spot or whether it is to be transferred with the accused persons to Harbin. In case of need such communications shall be made by telegram through the district superintendent. A telegraphic report shall also be made immediately regarding all cases coming outside the competence of the local official in the district. All this second article refers equally to Chinese and to Manchus and Mongols living in Kirin Province.

3.—Regarding each case coming within one of the definitions set forth in Article 2, and in which proceedings have previously been begun in any office or by any particular official, a report must immediately be sent to the said Harbin Principal Department, which in its turn shall notify the Engineer-in-Chief, in order to determine whether the case should be referred to the said Department for continuation and decision, or whether it is to be left for examination and decision to the official of the Department who is nearest to the place on the line where the case arose.

4.—Hereafter all officials and offices shall refer to the Harbin Principal Department for settlement all new complaints and claims coming before them, which refer to the cases set forth in Article 2.

5.—All complaints and claims, and also all cases in general mentioned in the second article shall be examined and investigated by members of the Harbin Principal Department, in conjunction with the Engineer-in-Chief of the Chinese Eastern Railway or his authorized representative. Also all decisions in all cases shall be arrived at by mutual agreement with the Engineer-in-Chief or his authorized representative.

6.—The Chinese subjects mentioned in Article 2 shall be subject to punishment only in accordance with a decision of the Principal Department at Harbin arrived at by due process of law, provided that the Department shall decide whether to execute the sentence in Harbin or at the place where the case originated. In cases of sentence of criminals to banishment to places not so remote (not further than 3000 *li*), the Harbin Department may give orders for the execution of such sentences to the nearest local Chinese authorities. For preliminary detention of Chinese who are arrested and for the serving of terms of imprisonment by sentences of the Harbin Department, a jail shall be built in connection with this office.

7.—All crimes for the commission of which the convicted persons shall be sentenced to the death penalty or to banishment to remote places (more than 3,000 *li*), and also in all cases when the opinions of the members of

the Harbin Department are not in harmony with the opinion of the Engineer-in-Chief, are subject to the final judgment of the Chiang-Chun of Kirin, which shall be based on the reports of the members of the Department and on communications of the Engineer-in-Chief. All other cases, regardless of the degree of their importance, shall be finally settled and carried into execution by order of the President and Vice-President of the Department by mutual agreement with the Engineer-in-Chief or his authorized representative. The President and Vice-President of the Department shall on the one hand report their decisions by memorial to the Chiang-Chun of Kirin for his information, and on the other hand shall send a communication to the Principal Department for Foreign Relations of Kirin Province for preservation in the archives.

8.—All the members of the Harbin Principal Department and the soldiers shall be appointed by the Chiang-Chun of Kirin; the President and Vice-President of the Department shall also be appointed and removed by the Chiang-Chun, but after preliminary consultation with the Engineer-in-Chief, in order that for such important posts may be chosen persons known to the Chiang-Chun and to the Engineer-in-Chief as worthy men, enlightened and acquainted with railway affairs and regulations. Persons chosen in this way by mutual agreement shall be confirmed in their appointments by the Chiang-Chun.

9.—In order to meet all the expenses for maintenance of the President, Vice-President, all officials and soldiers of the said Principal Department, the Engineer-in-Chief shall place at the disposition of the President of the Department annually 60,000 taels according to the Kirin market weight. This sum shall be placed by the Engineer-in-Chief at the disposition of the President of the Department in instalments for every three months in advance.

10.—Apart from this the sum necessary for the construction of the buildings of the Department and houses for the employees (of inferior position), and also for the furnishing and equipping of the buildings of the Department, shall be fixed by agreement between the President of the Department and the Engineer-in-Chief. The President of the Department shall receive this sum from the Engineer-in-Chief in instalments according as it shall be required.

11.—The present agreement written in Chinese and in Russian in duplicate, after its signature by the Kirin Chiang-Chun Chang and by the authorized representatives of the Engineer-in-Chief, Mr. Daniel, shall be submitted for the signatures of the Engineer-in-Chief of the Chinese Eastern Railway, Yugovitch, and his substitute, Engineer Ignatius. One copy of this agreement must be preserved in the office of the Chiang-Chun of Kirin, and the other in the office of the Engineer-in-Chief.

The Russian text is a true rendering of the Chinese text.

No. 11

RUSSIA AND CHINA

Convention with regard to Manchuria.[1]*—April 8, 1902*

His Majesty the Emperor and Autocrat of All the Russias, and His Majesty the Emperor of China, with the object of re-establishing and confirming the relations of good neighborhood, which were disturbed by the rising in the Celestial Empire of the year 1900, have appointed their Plenipotentiaries to come to an agreement on certain questions relating to Manchuria. These Plenipotentiaries, furnished with full powers which were found to be in order, agreed as follows:

ARTICLE I.—**Chinese authority in Manchuria to be re-established.**—His Imperial Majesty the Emperor of Russia, desirous of giving fresh proof of his peaceable and friendly disposition towards His Majesty the Emperor of China, and overlooking the fact that attacks were first made from frontier posts in Manchuria on peaceable Russian Settlements, agrees to the re-establishment of the authority of the Chinese Government in that region, which remains an integral part of the Chinese Empire, and restores to the Chinese Government the right to exercise therein governmental and administrative authority, as it existed previous to the occupation by Russian troops of that region.

ARTICLE II.—**China to protect railway and all Russian subjects and their undertakings.**—In taking possession of the governmental and administrative authority in Manchuria, the Chinese Government confirms, both with regard to the period and with regard to all other Articles, the obligation to observe strictly the stipulations of the Contract concluded with the Russo-Chinese Bank on the 27th August, 1896,[2] and in virtue of paragraph 5 of the above-mentioned Contract, takes upon itself the obligation to use all means to protect the railway and the persons in its employ, and binds itself also to secure within the boundaries of Manchuria the safety of all Russian subjects in general and the undertakings established by them.

Evacuation of Manchuria by Russia.—The Russian Government, in view of these obligations accepted by the Government of His Majesty the Emperor of China, agrees on its side, provided that no disturbances arise and that the action of other Powers should not prevent it, to withdraw

[1] MACMURRAY, vol. I, p. 326; translation from the French text, as reprinted in ROCKHILL, p. 99, from *China, No. 2 (1904)*, p. 36. Printed also in HERTSLET, p. 509; *Am. Journal Int. Law,* Supplement, 1910, p. 304; French text in CUSTOMS, vol. i, p. 239; *Recueil,* p. 538 (where also are printed a Russian *Communication Officielle en date du 3/16 Décembre, 1900, concernant le Chemin de Fer Chinois de Yang-tsoun-Chang-hai Kouan,* at p. 416; and a *Communiqué Officiel St. Pétersbourg, 30 Mars 12 Avril, 1902,* at p. 535). See Note 1 to this document, *post,* p. 68.

[2] *i. e.,* Contract for the Chinese Eastern Railway, September 8, 1896 (No. 3, *ante*),

gradually all its forces from within the limits of Manchuria in the following manner:

(*a*) Within six months from the signature of the Agreement, to clear the southwestern portion of the Province of Mukden up to the River Liao ho of Russian troops, and to hand the railways over to China.

(*b*) Within further six months to clear the remainder of the Province of Mukden and the Province of Kirin of Imperial troops.

(*c*) Within the six months following to remove the remaining Imperial Russian troops from the Province of Hei-lung-chiang.

ARTICLE III.—**Chinese forces pending evacuation.**—In view of the necessity of preventing in the future any recurrence of the disorders of last year, in which Chinese troops stationed on the Manchurian frontier also took part, the Imperial Russian and Chinese Governments shall undertake to instruct the Russian military authorities and the Tsiang-Tsungs, mutually to come to an agreement respecting the numbers and the disposition of the Chinese forces until the Russian forces shall have been withdrawn. At the same time the Chinese Government binds itself to organize no other forces over and above those decided upon by the Russian military authorities and the Tsiang-Tsungs as sufficient to suppress brigandage and pacify the country.

Chinese forces after evacuation.—After the complete evacuation of Manchuria by Russian troops, the Chinese Government shall have the right to increase or diminish the number of its troops in Manchuria, but of this must duly notify the Russian Government, as it is natural that the maintenance in the above-mentioned district of an over large number of troops must necessarily lead to a reinforcement of the Russian military force in the neighbouring districts, and thus would bring about an increase of expenditure on military requirements undesirable for both States.

Chinese police guard in Manchuria.—For police service and the maintenance of internal order in the districts outside those parts allotted to the Eastern Chinese Railway Company, a police guard, under the local Governors ("Tsiang-Tsungs"), consisting of cavalry and infantry, shall be organized exclusively of subjects of his Majesty the Emperor of China.

ARTICLE IV.—**Shanhaikwan-Sinminting railway to be restored.**—The Russian Government agrees to restore to the owners the railway Shanhaikwan-Newchwang-Sinminting, which, since the end of September, 1900, has been occupied and guarded by Russian troops.[1] In view of this, the Government of His Majesty the Emperor of China binds itself:

1. **China alone to protect this line.**—In case protection of the above-mentioned line should be necessary, that obligation shall fall exclusively on

[1] See Note 2 to this document, *post*, p. 69.

the Chinese Government, which shall not invite other Powers to participate in its protection, construction, or working, nor allow other Powers to occupy the territory evacuated by the Russians.

2. **Completion and working of this line.**—The completion and working of the above-mentioned line shall be conducted in strict accordance with the Agreement between Russia and England of the 16th April, 1899,[1] and the Agreement with the private Corporation respecting the loan for the construction of the line.[2] And furthermore, the Corporation shall observe its obligations not to enter into possession of or in any way to administer the Shanhaikwan-Newchwang-Sinminting line.

3. **Extension of line in South Manchuria.**—Should, in the course of time, extensions of the line in Southern Manchuria, or construction of branch lines in connection with it, or the erection of a bridge in Newchwang, or the moving of the terminus there, be undertaken, these questions shall first form the subject of mutual discussion between the Russian and Chinese Governments.

4. **China to pay Russia for repair and keep of line.**—In view of the fact that the expenses incurred by the Russian Government for the repair and working of the Shanhaikwan-Newchwang-Sinminting line were not included in the sum total of damages, the Chinese Government shall be bound to pay back the sum which, after examination with the Russian Government, shall be found to be due.

The stipulations of all former Treaties between Russia and China which are not affected by the present Agreement shall remain in force.

The Agreement shall have legal force from the day of its signature by the Plenipotentiaries of both States.

The exchange of ratifications shall take place in St. Petersburg within three months from the date of the signature of the Agreement.

For the confirmation of the above, the Plenipotentiaries of the two Contracting Powers have signed and sealed two copies of the Agreement in the Russian, French, and Chinese languages. Of the three texts, which, after comparison, have been found to correspond with each other, that in the French language shall be considered as authoritative for the interpretation of the Agreement.

Done in Peking in duplicate, the 26th March (8th April), 1902.[3]

[1] *i. e.*, agreement of April 16/28, 1899 (No. 7, *ante*).

[2] *i. e.*, Shanhaikuan-Newchwang Railway loan agreement of October 10, 1898 (MacMurray, vol. I, p. 173).

[3] This treaty was signed by M. Paul Lessar, Envoy Extraordinary and Minister Plenipotentiary of Russia to China, on the part of Russia, and by Prince Ch'ing and Wang Wen-shao, on the part of China.

Note 1

In connection with this convention see also the agreement for the transfer of the Peking-Shanhaikwan Railway from the British military authorities to the Chinese civil authorities, and additional agreement respecting the management of the northern railways, April 29th, 1902 (MacMurray, vol. I, p. 331). See also the following arrangement between Tseng Chi, Tartar General of Mukden, and Admiral Alexeieff, Commander in Chief of Kuantung Peninsula and of the Russian naval and military forces in the Pacific, as printed (in translation) in Rockhill, p. 201, under the heading "Signed at Port Arthur, January 30, 1901," and with a footnote stating that "the original convention bears date November 11, 1900":

Preliminary Russo-Chinese Arrangement regarding Manchuria.—January 30, 1901

"1.—All official residences in Mukden to be handed back to the Chinese officials who will act in accordance with the terms arranged.

"2.—Chinese officials to be allowed to go to their posts in all those towns taken by the Russians. They may establish police forces; in large places to the number of 500 men, in medium sized places 300 men, in others 200. These police may carry arms but must be provided with distinguishing badges stamped by the Russian and Chinese authorities.

"3.—Robbers and rebels taken by Russian police to be handed over to the local officials to be dealt with by Russian and Chinese law (*sic*).

"4.—The Newchwang customs duties and likin to be collected temporarily by Russians and the Imperial commands awaited as to the application of such funds after a treaty has been signed between Russia and China. All other sources of revenue are to be under the control of the Tartar General.

"5.—The western roads of the province are at present disturbed and unsafe. Russian troops to be withdrawn from those parts so that traffic may be resumed. Newchwang being now closed by ice, the products of the southern roads, tobacco, hemp, beans and grain have no exit. The rail by Port Arthur can be used for their transport.

"6.—Russia may establish a Resident at Mukden and two Deputies for international business, who will transact such business in conjunction with the Chinese Deputies.

"7.—The duty of the Taotai of Newchwang is to control the customs. The Russian authorities are at present collecting the revenue of the Foreign Customs House. The Tartar General may order the Taotai to return and act in cooperation with them.

"8.—The disbanded Chinese troops for the most part took their weapons with them in their flight. The Russian military authorities need not send to search them out. The Tartar General will despatch officials in all directions to find them and so obviate any alarm to the populace.

"9.—The Tartar General has no plenipotentiary powers. The result of the negotiations of Prince Ch'ing and Grand Secretary Li Hung-chang must be awaited. Russia is desirous of a lasting peace.

"10.—The Tartar General Tseng Chi is to remain for four years in office in this province to reorganize public affairs after the late disturbances.

"Korostovetz.
"Chou Mien."

In *Shina Kankei Tokushu Joyaki Isan*, p. 109, is printed a Japanese version of what purports to be a "Secret Treaty between Russia and China," concluded in February, 1901. This document appears to be a translation from a Chinese original, and is somewhat obscure in its phraseology. The following translation is therefore offered with all reserves:

Alleged Secret Russo-Chinese Treaty regarding Manchuria.—February, 1901

"1.—In accordance with the desire of His Majesty the Emperor of Russia to express his friendly feelings to China, acts of hostility in Manchuria will be forgotten; and when Manchuria is completely restored, the Chinese Administration will be conducted as formerly.

"2.—In accordance with Article 6 [?5] of the Manchurian Railway Treaty [? Russo-Chinese Bank Contract for the Construction and Operation of the Chinese Eastern Railway, September 8, 1896], the railway guard which has been established will restore order, and will be maintained until China has fulfilled the conditions mentioned in the four articles of the last paragraph [? four paragraphs of the last article] of that treaty.

"3.—In case an emergency should arise, the Russian troops stationed (in this region) will assist China with all their force, and repress it.

"4.—Until the Manchurian Railway shall have been completed, China shall not quarter any troops (there). If she is to place troops there in future, it shall be decided in consultation with Russia. Moreover, the importation of arms and munitions into Manchuria shall be prohibited.

"5.—The Tartar General at Mukden, or the local officials, shall at the request of Russia dismiss anyone who obstructs the relations between Russia and China. If China establishes infantry patrols in Manchuria, the personnel shall be decided in consultation with Russia.

"6.—China shall not employ foreigners other than Russians as military or naval instructors in the various Provinces of northern China.

"7.—In order to assure the tranquility of districts, the disposal of unoccupied land, mentioned in Article 5 [? 6] of the lease Agreement [? Contract of September 8, 1896] shall be determined by a special agreement by the local officials. The rights of self-government of Shengking Province shall be abolished.

"8.—China shall not, without the consent of Russia, transfer to other nations, or to the subjects of other nations, mines or other interests in Manchuria, Mongolia or Sinkiang. Moreover, she shall not construct railways in those regions.

"Except in Newchwang, there shall be no leases or grants made to the subjects of other nations.

"9.—Russia shall be indemnified for her military expenditures in the present situation, as speedily as in the case of the indemnities to the various Powers. Security for the amount of the indemnity shall be given within the period for payment. It shall be under the joint management of the Powers.

"10.—Indemnity for damage to the railway and for damages to the engineers of the railway shall be paid after consultation between China and the Company.

"11.—The said indemnity shall be agreed upon with the Company. Compensation for all or part of the amount may be made by the grant of other privileges.

"12.—One railway may be constructed to Peking from the railway already agreed upon, and it may be extended to the Great Wall [?]. This shall be managed in accordance with the railway agreement now in force."

Note 2

The restoration of this railway—the section of the Imperial Railways of North China beyond the Great Wall—was the subject of a further agreement signed at Peking on September 9/22, 1902, of which the following is the translation from the Chinese text:

Agreement for Rendition by Russia of Shanhaikwan-Hsinmintun-Yingk'ou Railway.—September 22, 1902

"Whereas the Treaty of March 26 (Apr. 8), 1902, provides for the rendition of the said railway to China on or before September 26 (Oct. 9), 1902,

"And Whereas the said limit is about to expire,

"Now, therefore, Paul Lessar, Envoy Extraordinary and Minister Plenipotentiary for Russia in China, and Prince Ch'ing, President of the Board of Foreign Affairs, etc., etc., etc., and Wang Associate President of the Board of Foreign Affairs, etc., etc., etc., Plenipotentiaries for China, have agreed upon the following Articles.

"ARTICLE I.—The Governments of Russia and China, for the purpose of turning over, and receiving, the railway, respectively, shall each appoint Plenipotentiaries, who may appoint such assistants as are necessary, and who shall agree upon the procedure to be followed, and the regulations to be observed, in the rendition of the railway.

"ARTICLE II.—The Imperial Chinese Railway Administration for North China shall take over at their market value all works made by the Russian Military Authorities

with a view toward the upkeep and protection of the railway line, and all utensils and materials provided by the said Russian Military Authorities.

"ARTICLE III.—Russian troops shall enjoy the same privileges on the Shanhaikuan-Yingk'ou line as the troops of other nations enjoy, or may hereafter enjoy, on the Peking-Shanhaikuan line, for such time as Legation guards are stationed in Peking and troops in Chihli for the protection of communication between Peking and the sea, as provided in the Protocol of August 25 (Sept. 7), 1901; and to facilitate the transfer of time expired men from such detachments, and their replacement by others, vessels transporting Russian troops and military supplies shall enjoy the special privilege of priority over other shipping at the railway wharves at Yingk'ou.

"ARTICLE IV.—Russian troops and military supplies transported between Shanhaikuan and Yingk'ou shall be charged for at the same schedule of prices as that in force at the time on the Peking-Shanhaikuan line.

"ARTICLE V.—The offices used by the Russian Post and Telegraph Administrations at Shanhaikuan shall be turned over to the Imperial Chinese Railway Administration at the same time as the offices of the Imperial Chinese Railway Administration used by the British Military Administration at Tientsin and Shanhaikuan are turned over.

"ARTICLE VI.—During the time stated in Article III of this Convention, Russia shall enjoy the same privileges in regard to the Yingk'ou-Shanhaikuan-Peking telegraph line strung on the poles erected by the Railway as the other powers enjoy between Peking and Shanhaikuan under Article VIII of the British-Chinese Convention of April 16 (29) of the present year in regard to the rendition to China of the Railway.

"ARTICLE VII.—The Russian Government shall enjoy the same privileges in regard to the despatch of mails from Peking to Yingk'ou as other powers enjoy on the railway between Peking and Shanhaikuan. Hereafter as the Russian mails increase in bulk, if special cars should be necessary for their despatch, the Imperial Chinese Railway Administration shall provide a car on one day's notice; as a matter of convenience the cars supplied from Peking to the Chinese Eastern Railway for the transport (of mails) to Russia shall be paid for each Sunday, and the charges for such cars shall not exceed the rate charged for the transport of military supplies.

"(*Signed*) "PAUL LESSAR.
" "CH'ING.
" "WANG WEN-SHAO."

A French translation from the Russian text of this agreement is printed in *Recueil*, p. 633.

In regard to restoration by the British military authorities of the section of the Imperial railways of North China within the Wall, see the agreements of April 29, 1902 (MACMURRAY, vol. I, p. 331).

No. 12

RUSSIA AND JAPAN

Treaty of peace.[1]*—September 5, 1905*

His Majesty the Emperor of Japan on the one part, and His Majesty the Emperor of all the Russias on the other part, animated by the desire to restore the blessings of peace to Their countries and peoples, have resolved to conclude a Treaty of Peace, and have, for this purpose, named Their Plenipotentiaries, that is to say:

[1] MACMURRAY, vol. I, p. 522. Printed also, in English, in *Traités et Conventions*, p. 585; in French text, on p. 97 of the Orange Book containing protocols of the Portsmouth peace conference, published by the Russian Ministry for Foreign Affairs, St. Petersburg, 1906; HERTSLET, p. 608; *Recueil*, p. 741. See Note to this document, *post*, p. 75.

His Majesty the Emperor of Japan:

His Excellency Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, His Minister for Foreign Affairs, and

His Excellency M. Takahira Kogoro, Jusammi, Grand Cordon of the Imperial Order of the Sacred Treasure, His Envoy Extraordinary and Minister Plenipotentiary to the United States of America;

and His Majesty the Emperor of all the Russias:

His Excellency M. Serge Witte, His Secretary of State and President of the Committee of Ministers of the Empire of Russia, and

His Excellency Baron Roman Rosen, Master of the Imperial Court of Russia and His Ambassador Extraordinary and Plenipotentiary to the United States of America;

Who, after having exchanged their full powers which were found to be in good and due form, have concluded the following Articles:

ARTICLE I. There shall henceforth be peace and amity between Their Majesties the Emperor of Japan and the Emperor of all the Russias and between Their respective States and subjects.

ART. II. The Imperial Russian Government, acknowledging that Japan possesses in Corea paramount political, military and economical interests, engage neither to obstruct nor interfere with the measures of guidance, protection and control which the Imperial Government of Japan may find it necessary to take in Corea.

It is understood that Russian subjects in Corea shall be treated exactly in the same manner as the subjects or citizens of other foreign Powers, that is to say, they shall be placed on the same footing as the subjects or citizens of the most favoured nation.

It is also agreed that, in order to avoid all cause of misunderstanding, the two High Contracting Parties will abstain, on the Russo-Corean frontier, from taking any military measure which may menace the security of Russian or Corean territory.

ART. III. Japan and Russia mutually engage:

1. To evacuate completely and simultaneously Manchuria except the territory affected by the lease of the Liao-tung Peninsula, in conformity with the provisions of additional Article I. annexed to this Treaty; and

2. To restore entirely and completely to the exclusive administration of China all portions of Manchuria now in the occupation or under the control of the Japanese or Russian troops, with the exception of the territory above mentioned.

The Imperial Government of Russia declare that they have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty or inconsistent with the principle of equal opportunity.

ART. IV. Japan and Russia reciprocally engage not to obstruct any general measures common to all countries, which China may take for the development of the commerce and industry of Manchuria.

ARTICLE V.—The Imperial Russian Government transfer and assign to the Imperial Government of Japan, with the consent of the Government of China, the lease of Port Arthur, Talien and adjacent territory and territorial waters and all rights, privileges and concessions connected with or forming part of such lease and they also transfer and assign to the Imperial Government of Japan all public works and properties in the territory affected by the above mentioned lease.

The two High Contracting Parties mutually engage to obtain the consent of the Chinese Government mentioned in the foregoing stipulation.

The Imperial Government of Japan on their part undertake that the proprietary rights of Russian subjects in the territory above referred to shall be perfectly respected.

ART. VI. The Imperial Russian Government engage to transfer and assign to the Imperial Government of Japan, without compensation and with the consent of the Chinese Government, the railway between Changchun (Kuancheng-tzu) and Port Arthur and all its branches, together with all rights, privileges and properties appertaining thereto in that region, as well as all coal mines in the said region belonging to or worked for the benefit of the railway.

The two High Contracting Parties mutually engage to obtain the consent of the Government of China mentioned in the foregoing stipulation.

ART. VII. Japan and Russia engage to exploit their respective railways in Manchuria exclusively for commercial and industrial purposes and in no wise for strategic purposes.

It is understood that that restriction does not apply to the railway in the territory affected by the lease of the Liao-tung Peninsula.

ART. VIII. The Imperial Governments of Japan and Russia, with a view to promote and facilitate intercourse and traffic, will, as soon as possible, conclude a separate convention for the regulation of their connecting railway services in Manchuria.[1]

ART. IX. The Imperial Russian Government cede to the Imperial Government of Japan in perpetuity and full sovereignty, the southern portion of the Island of Saghalien and all islands adjacent thereto, and all public works and properties thereon. The fiftieth degree of north latitude is adopted as the northern boundary of the ceded territory. The exact alignment of such territory shall be determined in accordance with the provisions of additional Article II annexed to this Treaty.

Japan and Russia mutually agree not to construct in their respective

[1] Such a convention was concluded June 13, 1907 (No. 18, *post*).

possessions on the Island of Saghalien or the adjacent islands, any fortifications or other similar military works. They also respectively engage not to take any military measures which may impede the free navigation of the Straits of La Perouse and Tartary.

ART. X. It is reserved to the Russian subjects inhabitants of the territory ceded to Japan, to sell their real property and retire to their country; but, if they prefer to remain in the ceded territory, they will be maintained and protected in the full exercise of their industries and rights of property, on condition of submitting to Japanese laws and jurisdiction. Japan shall have full liberty to withdraw the right of residence in, or to deport from, such territory, any inhabitants who labour under political or administrative disability. She engages, however, that the proprietary rights of such inhabitants shall be fully respected.

ART. XI.[1] Russia engages to arrange with Japan for granting to Japanese subjects rights of fishery along the coasts of the Russian possessions in the Japan, Okhotsk and Behring Seas.

It is agreed that the foregoing engagement shall not affect rights already belonging to Russian or foreign subjects in those regions.

ART. XII.[2] The Treaty of Commerce and Navigation between Japan and Russia having been annulled by the war, the Imperial Governments of Japan and Russia engage to adopt as the basis of their commercial relations, pending the conclusion of a new treaty of commerce and navigation on the basis of the Treaty which was in force previous to the present war, the system of reciprocal treatment on the footing of the most favoured nation, in which are included import and export duties, customs formalities, transit and tonnage dues, and the admission and treatment of the agents, subjects and vessels of one country in the territories of the other.

ART. XIII. As soon as possible after the present Treaty comes into force, all prisoners of war shall be reciprocally restored. The Imperial Governments of Japan and Russia shall each appoint a special Commissioner to take charge of prisoners. All prisoners in the hands of one Government shall be delivered to and received by the Commissioner of the other Government or by his duly authorized representative, in such convenient numbers and at such convenient ports of the delivering State as such delivering State shall notify in advance to the Commissioner of the receiving State.

The Governments of Japan and Russia shall present to each other, as soon as possible after the delivery of prisoners has been completed, a statement of the direct expenditures respectively incurred by them for the care

[1] A fisheries convention was concluded between Japan and Russia on July 28, 1907.
[2] A treaty of commerce and navigation, with separate articles, protocol and exchange of notes attached thereto, and a protocol relating to certain Japanese and Russian consulates, were concluded between Japan and Russia on July 28, 1907. See also the political convention of July 30, 1907 (No. 20, *post*).

and maintenance of prisoners from the date of capture or surrender up to the time of death or delivery. Russia engages to repay to Japan, as soon as possible after the exchange of the statements as above provided, the difference between the actual amount so expended by Japan and the actual amount similarly disbursed by Russia.

ART. XIV. The present Treaty shall be ratified by Their Majesties the Emperor of Japan and the Emperor of all the Russias. Such ratification shall, with as little delay as possible and in any case not later than fifty days from the date of the signature of the Treaty, be announced to the Imperial Governments of Japan and Russia respectively through the French Minister in Tokio and the Ambassador of the United States in Saint Petersburg and from the date of the later of such announcements this Treaty shall in all its parts come into full force.

The formal exchange of the ratifications shall take place at Washington as soon as possible.[1]

ART. XV. The present treaty shall be signed in duplicate in both the English and French languages. The texts are in absolute conformity, but in case of discrepancy in interpretation, the French text shall prevail.

In witness whereof, the respective Plenipotentiaries have signed and affixed their seals to the present Treaty of Peace.

Done at Portsmouth (New Hampshire) this fifth day of the ninth month of the thirty-eighth year of Meiji, corresponding to the twenty-third day of August (fifth September) one thousand nine hundred and five.

(Signed) JUTARO KOMURA. [L. S.] (Signed) SERGE WITTE. [L. S.]
(Signed) K. TAKAHIRA. [L. S.] (Signed) ROSEN. [L. S.]

ADDITIONAL ARTICLES

In conformity with the provisions of Articles III. and IX. of the Treaty of Peace between Japan and Russia of this date, the undersigned Plenipotentiaries have concluded the following additional Articles:

I.—TO ARTICLE III

The Imperial Governments of Japan and Russia mutually engage to commence the withdrawal of their military forces from the territory of Manchuria simultaneously and immediately after the Treaty of Peace comes into operation, and within a period of eighteen months from that date, the Armies of the two countries shall be completely withdrawn from Manchuria, except from the leased territory of the Liao-tung Peninsula.

The forces of the two countries occupying the front positions shall be first withdrawn.

The High Contracting Parties reserve to themselves the right to main-

[1] Ratifications were exchanged at Washington, November 25, 1905.

tain guards to protect their respective railway lines in Manchuria. The number of such guards shall not exceed fifteen per kilomètre and within that maximum number, the Commanders of the Japanese and Russian Armies shall, by common accord, fix the number of such guards to be employed, as small as possible having in view the actual requirements.

The Commanders of the Japanese and Russian forces in Manchuria shall agree upon the details of the evacuation in conformity with the above principles, and shall take by common accord the measures necessary to carry out the evacuation as soon as possible and in any case not later than the period of eighteen months.

II.—To Article IX

As soon as possible after the present Treaty comes into force, a Commission of Delimitation, composed of an equal number of members to be appointed respectively by the two High Contracting Parties, shall on the spot, mark in a permanent manner the exact boundary between the Japanese and Russian possessions on the Island of Saghalien. The Commission shall be bound, so far as topographical considerations permit, to follow the fiftieth parallel of north latitude as the boundary line, and in case any deflections from that line at any points are found to be necessary, compensation will be made by correlative deflections at other points. It shall also be the duty of the said Commission to prepare a list and description of the adjacent islands included in the cession and finally the Commission shall prepare and sign maps showing the boundaries of the ceded territory. The work of the Commission shall be subject to the approval of the High Contracting Parties.

The foregoing additional Articles are to be considered as ratified with the ratification of the Treaty of Peace to which they are annexed.

Portsmouth, the 5th day, 9th month, 38th year of Meiji, corresponding to

23rd August,

the ———————— 1905.

5th September,

(Signed) Jutaro Komura. (Signed) Serge Witte.

(Signed) K. Takahira. (Signed) Rosen.

Note

The following is the translation (as printed in *For. Rel. of the U. S.*, 1904, p. 414) of the Japanese declaration of war against Russia, dated February 10, 1904:

Japanese Declaration of War Against Russia.—February 10, 1904.

We, by the grace of heaven, Emperor of Japan, seated on the throne occupied by the same dynasty from time immemorial, do hereby make proclamation to all our loyal and brave subjects as follows:

We hereby declare war against Russia, and we command our army and navy to carry on hostilities against that Empire with all their strength, and we also

command all our competent authorities to make every effort, in pursuance of their duties and in accordance with their powers, to attain the national aim with all the means within the limits of the law of nations.

We have always deemed it essential to international relations and made it our constant aim to promote the pacific progress of our Empire in civilization, to strengthen our friendly ties with other states, and to establish a state of things which would maintain enduring peace in the extreme East and assure the future security of our dominion without injury to the rights and interests of other powers. Our competent authorities have also performed their duties in obedience to our will, so that our relations with the powers have been steadily growing in cordiality. It was thus entirely against our expectation that we have unhappily come to open hostilities against Russia.

The integrity of Korea is a matter of constant concern to this Empire, not only because of our traditional relations with that country, but because the separate existence of Korea is essential to the safety of our realm. Nevertheless Russia, in disregard of her solemn treaty pledges to China and her repeated assurances to other powers, is still in occupation of Manchuria and has consolidated and strengthened her hold upon those provinces and is bent upon their final annexation. And since the absorption of Manchuria by Russia would render it impossible to maintain the integrity of Korea and would, in addition, compel the abandonment of all hope for peace in the extreme East, we determined in those circumstances to settle the questions by negotiation and to secure thereby permanent peace. With that object in view, our competent authorities, by our order, made proposals to Russia, and frequent conferences were held during the course of six months. Russia, however, never met such proposals in a spirit of conciliation, but by her wanton delays put off the settlement of the question, and by ostensibly advocating peace on the one hand while she was on the other extending her naval and military preparations, sought to accomplish her own selfish designs.

We can not in the least admit that Russia had from the first any serious or genuine desire for peace. She has rejected the proposals of our Government; the safety of Korea is in danger; the vital interests of our Empire are menaced. The guarantees for the future which we have failed to secure by peaceful negotiations, we can now only seek by an appeal to arms.

It is our earnest wish that by the loyalty and valor of our faithful subjects peace may soon be permanently restored and the glory of our Empire preserved.

In connection with this treaty see also the protocol of armistice signed at Portsmouth, September 1, 1905, as follows:

Protocol of Armistice between Japan and Russia.—September 1, 1905

"The undersigned Plenipotentiaries of Japan and Russia duly authorized to that effect by their Governments have agreed upon the following terms of armistice between the belligerents, pending the coming into force of the Treaty of Peace:

"1. A certain distance (zone of demarcation) shall be fixed between the fronts of the armies of the two Powers in Manchuria as well as in the region of the Tomamko (Tumen).

"2. The naval forces of one of the belligerents shall not bombard territory belonging to or occupied by the other.

"3. Maritime captures will not be suspended by the armistice.

"4. During the term of the armistice reinforcements shall not be dispatched to the theatre of war. Those which are en route shall not be dispatched to the north of Mukden on the part of Japan and to the south of Harbin on the part of Russia.

"5. The commanders of the armies and fleets of the two Powers shall determine in common accord the conditions of the armistice in conformity with the provisions above enumerated.

"6. The two Governments shall give orders to their commanders immediately after the signature of the Treaty of Peace in order to put this protocol in execution.

"Portsmouth, 1st September, 1905.

(Signed.) "JUTARO KOMURA.
"K. TAKAHIRA.
"SERGE WITTE.
"ROSEN."

(Translation from the French text printed on p. 96 of the Russian Orange Book containing protocols of the Portsmouth peace conference; St. Petersburg, 1906.)

For the protocol of military armistice arranged between the respective commanders on September 13, 1905, and the protocol of naval armistice of September 18, 1905, see *For. Rel.*, 1906, p. 1085.

On October 30, 1905, the respective military authorities concluded the following Protocol of the procedure in withdrawing troops of the Japanese and Russian Armies from Manchuria, and transferring the Railways:

Protocol concerning Withdrawal of Japanese and Russian Armies from Manchuria and Transfer of Railways.—October 30, 1905

"ARTICLE I.—The following agreement has been concluded in accordance with the supplementary agreement relating to Article III of the treaty of peace between Japan and Russia at Portsmouth on September 5 of this year (August 23):

"1. The Japanese troops occupying the front positions in Manchuria shall be withdrawn within the zone of Fakumen, Chinchiatung, Changtu, Weiyanpaomen, and Fushun by December 31 (18), 1905. The Russian troops occupying the front positions in Manchuria shall be withdrawn within the zone of Itunchou, Yekhotien Weitzukou, Pamiencheng, and Shanchengtzu by the same date.

"2. By June 1 (May 19), 1906, the Japanese troops shall be withdrawn to the line of Fakumen, Tieling, and Fushun and to the south thereof, and the Russian troops to the line of Shanchengtzu, Kungshunglieng Railway Station, Itunchou, and to the north thereof.

"3. By August 1 (July 19), 1906, the Japanese troops shall be withdrawn to the line of Hsinmintun, Mukden, and Fushun, and to the south thereof; and the Russian troops to the line of Shanhotun, Kuanchengtzu, and Palipu, and to the north thereof.

"4. Neither of the two contracting powers shall have more than 250,000 combatants in Manchuria after April 15 (April 2), or 75,000 after October 15 (October 2), 1906. Both contracting powers are required to complete the withdrawal of their troops by April 15 (April 2), 1907.

"5. In accordance with supplementary agreement I to the treaty of peace, the number of guards to protect their respective railways in Manchuria shall be 15 per kilometer on the average.

"ARTICLE II.—For the purpose of transferring the railways, each of the two contracting powers shall appoint a commission consisting of three persons selected from officers and experts belonging to the section of military communication.

"The said commission shall commence its work between April 10 and 20, 1906 (new calendar); and the place and time of meeting shall be determined later.

"The transfer and receiving of railways south of Kuanchengtzu Station, and those at Kuanchengtzu Station, as well as north thereof, shall be completed before June 1 (May 19), 1906, and August 1 (July 19), 1906, respectively.

"The determination of the extreme northern point of the railways to be transferred to Japan shall be left to diplomatic negotiations.

"The undersigned, having been duly empowered by the commanders in chief of the Japanese and Russian armies, hereby certify that they have made this protocol in duplicate in both the Japanese and the Russian languages, and that each side keeps a text each in the Japanese and the Russian Languages.

"Done at Sz-ping-kai Railway Station on October 30 (17), 1905.

"(Signed) MAJOR-GENERAL YASUMASA FUKUSHIMA,
Staff of the Japanese Army in Manchuria.

"(Signed) MAJOR-GENERAL OLANOVSKY,
Second in Command of the Staff of the Russian Army in Manchuria."

(*For. Rel. of the U. S.*, 1906, p. 189.)

An accompanying memorandum relating to the crossing of the neutral zone between the Japanese and Russian armies is to be found in *For. Rel.*, 1906, p. 188.

With particular reference to the transfers provided for in Articles 5 and 6, see the treaty between Japan and China, December 22, 1905 (No. 13, *post*). See also the political conventions between Japan and Russia of July 30, 1907 (No. 20, *post*), July 4, 1910 (No. 30, *post*), and July 3, 1916 (No. 38, *post*).

No. 13

JAPAN AND CHINA

Treaty and additional agreement relating to Manchuria.[1]*—December 22, 1905*

His Majesty the Emperor of Japan and His Majesty the Emperor of China, desiring to adjust certain matters of common concern growing out of the Treaty of Peace between Japan and Russia of September 5th, 1905, have resolved to conclude a Treaty with that object in view and have for that purpose named Their Plenipotentiaries, that is to say:

His Majesty the Emperor of Japan:

Baron Komura Jutaro, Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty, and

Uchida Yasuya, Jushii, Second Class of the Imperial Order of the Rising Sun, His Majesty's Envoy Extraordinary and Minister Plenipotentiary; and

His Majesty the Emperor of China:

Prince Ching, Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty,

Chu Hung-chi, Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty, and

Yuan Shih-kai, Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty;

Who, after having exchanged their full powers which were found to be in good and due form, have agreed upon and concluded the following Articles:

ARTICLE I. The Imperial Chinese Government consent to all the transfers and assignments made by Russia to Japan by Articles V and VI of the Treaty of Peace above mentioned.

ART. II. The Imperial Japanese Government engage that in regard to the leased territory as well as in the matter of railway construction and exploitation, they will, so far as circumstances permit, conform to the

[1] Japanese official translation, MACMURRAY, vol. I, p. 549. Printed also in HERTSLET, p. 391; CUSTOMS, vol. II, p. 636; *Recueil*, p. 754; *For. Rel.*, 1906, p. 995.

In connection with this treaty and additional agreement, see also the Russo-Japanese treaty of peace, signed at Portsmouth, September 5, 1905 (No. 12, *ante*); also the Russo-Japanese conventions of July 30, 1907 (No. 20, *post*), July 4, 1910 (No. 30, *post*), and July 3, 1916 (No. 38, *post*); the Sino-Japanese treaty and exchanges of notes respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *post*). See also Note 1 to this document, *post*, p. 83.

original agreements concluded between China and Russia. In case any question arises in the future on these subjects, the Japanese Government will decide it in consultation with the Chinese Government.

ART. III. The present Treaty shall come into full force from the date of signature. It shall be ratified by Their Majesties the Emperor of Japan and the Emperor of China and the ratifications shall be exchanged at Peking as soon as possible, and not later than two months from the present date.[1]

In witness whereof, the respective Plenipotentiaries have signed this Treaty in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this twenty-second day of the twelfth month of the thirty-eighth year of *Meiji,* corresponding to the twenty-sixth day of the eleventh moon of the thirty-first year of Kuang Hsü.

(Signed) BARON KOMURA JUTARO, [L. S.]
Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty the Emperor of Japan.

(Signed) UCHIDA YASUYA, [L. S.]
Jushii, Second Class of the Imperial Order of the Rising Sun, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan.

(Signed) PRINCE CHING, [L. S.]
Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) CHU HUNG-CHI, [L. S.]
Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) YUAN SHIH-KAI. [L. S.]
Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty the Emperor of China.

ADDITIONAL AGREEMENT

The Governments of Japan and China, with a view to regulate, for their guidance, certain questions in which they are both interested in Manchuria, in addition to those provided for in the Treaty signed this day, have agreed as follows:

[1] Ratifications were exchanged at Peking, January 23, 1906.

ART. I. The Imperial Chinese Government agree that as soon as possible after the evacuation of Manchuria by the Japanese and Russian forces, the following cities and towns in Manchuria will be opened by China herself as places of international residence and trade:

In the Province of Shengking:

Fenghwangcheng; Liaoyang; Hsinmintun; Tiehling; Tungkiangtzu and Fakumen.

In the Province of Kirin:

Changchun (Kuanchengtzu); Kirin; Harbin; Ninguta; Hunchun and Sanhsing.

In the Province of Heilungkiang:

Tsitsihar; Hailar; Aihun and Manchuli.[1]

ART. II. In view of the earnest desire expressed by the Imperial Chinese Government to have the Japanese and Russian troops and railway guards in Manchuria withdrawn as soon as possible, and in order to meet this desire, the Imperial Japanese Government, in the event of Russia agreeing to the withdrawal of her railway guards, or in case other proper measures are agreed to between China and Russia, consent to take similar steps accordingly. When tranquillity shall have been reestablished in Manchuria and China shall have become herself capable of affording full protection to the lives and property of foreigners, Japan will withdraw her railway guards simultaneously with Russia.

ART. III. The Imperial Japanese Government, immediately upon the withdrawal of their troops from any regions in Manchuria, shall notify the Imperial Chinese Government of the regions thus evacuated, and even within the period stipulated for the withdrawal of troops in the Additional Articles of the Treaty of Peace between Japan and Russia, the Chinese Government may send necessary troops to the evacuated regions of which they have been already notified as above mentioned, for the purpose of maintaining order and tranquillity in those regions. If, in the regions from which Japanese troops have not yet been withdrawn, any villages are disturbed or damaged by native bandits, the Chinese local authorities may also dispatch a suitable military force for the purpose of capturing or dispersing those bandits. Such troops, however, shall not proceed within twenty Chinese *li* from the boundary of the territory where Japanese troops are stationed.

ART. IV. The Imperial Government of Japan engage that Chinese

[1] On September 10, 1906, Tiehling, Tungkiangtzu and Fakumen were declared open by China. On October 8, 1906, Hsinmintun was opened; on January 14, 1907, Changchun, Kirin, Harbin and Tsitsihar. On June 28, 1907, Fenghwangcheng, Liaoyang, Ninguta, Hunchun, Sanhsing, Hailar, and Aihun were opened.

See the experimental regulations for the collection of duty on goods shipped to the new ports in Manchuria, November 19, 1907 (No. 21, *post*).

public and private property in Manchuria, which they have occupied or expropriated on account of military necessity, shall be restored at the time the Japanese troops are withdrawn from Manchuria and that such property as is no longer required for military purposes shall be restored even before such withdrawal.[1]

ART. V. The Imperial Chinese Government engage to take all necessary measures to protect fully and completely the grounds in Manchuria in which the tombs and monuments of the Japanese officers and soldiers who were killed in war are located.

ART. VI. The Imperial Chinese Government agree that Japan has right to maintain and work the military railway line constructed between Antung and Mukden and to improve the said line so as to make it fit for the conveyance of commercial and industrial goods of all nations.[2] The term for which such right is conceded is fifteen years from the date of the completion of the improvements above provided for. The work of such improvements is to be completed within two years, exclusive of a period of twelve months during which it will have to be delayed owing to the necessity of using the existing line for the withdrawal of troops. The term of the concession above mentioned is therefore to expire in the 49th year of Kuang Hsü.[3] At the expiration of that term, the said railway shall be sold to China at a price to be determined by appraisement of all its properties by a foreign expert who will be selected by both parties. The conveyance by the railway of the troops ond munitions of war of the Chinese Government prior to such sale shall be dealt with in accordance with the regulations of the Eastern Chinese Railway.[4] Regarding the manner in which the improvements of the railway are to be effected, it is agreed that the person undertaking the work on behalf of Japan shall consult with the Commissioner dispatched for the purpose by China. The Chinese Government will also appoint a Commissioner to look after the business relating to the railway as is provided in the Agreement relating to the Eastern Chinese Railway. It is further agreed that detailed regulations shall be concluded regarding the tariffs for the carriage by the railway of the public and private goods of China.

ART. VII. The Governments of Japan and China, with a view to promote and facilitate intercourse and traffic, will conclude, as soon as

[1] See, in connection with Articles II, III and IV, the agreement for the rendition of Yingkou, December 5, 1906 (No. 14, *post*).

[2] See memorandum concerning the reconstruction of the Antung-Mukden Railway, August 19, 1909 (No. 26, *post*); and the Sino-Japanese agreement of September 4, 1909, Art. 4 (No. 27, *post*).

[3] *i. e.*, 1923-4. See, however, the exchange of notes between Japan and China, May 25, 1915, concerning the extension of the terms of this and other leases (No. 35, *post*).

[4] Under date of October 30, 1911, an agreement on this subject was concluded, of which the translation is given in MACMURRAY, vol. I, p. 574.

possible, a separate convention for the regulation of connecting services between the railway lines in South Manchuria and all the other railway lines in China.[1]

ART. VIII. The Imperial Chinese Government engage that all materials required for the railways in South Manchuria shall be exempt from all duties, taxes and *likin*.

ART. IX. The methods of laying out the Japanese Settlement at Yingkou in the Province of Shengking, which has already been opened to trade, and at Antung and Mukden in the same Province, which are still unopen although stipulated to be opened, shall be separately arranged and determined by officials of Japan and China.

ART. X. The Imperial Chinese Government agree that a joint-stock company of forestry composed of Japanese and Chinese capitalists shall be organized for the exploitation of the forests in the regions on the right bank of the River Yalu and that a detailed agreement shall be concluded in which the area and term of the concession as well as the organization of the company and all regulations concerning the joint work of exploitation shall be provided for.[2] The Japanese and Chinese shareholders shall share equally in the profits of the undertaking.

ART. XI. The Governments of Japan and China engage that in all that relates to frontier trade betweeen Manchuria and Corea most favoured nation treatment shall be reciprocally extended.[3]

ART. XII. The Governments of Japan and China engage that in all matters dealt with in the Treaty signed this day or in the present Agreement the most favourable treatment shall be reciprocally extended.

The present Agreement shall take effect from the date of signature. When the Treaty signed this day is ratified, this Agreement shall also be considered as approved.

In witness whereof, the Undersigned, duly authorized by their respective Governments, have signed the present Agreement in duplicate in the Japanese and Chinese languages and have thereto affixed their seals.

Done at Peking, this 22nd day of the 12th month of the 38th year of Meiji, corresponding to the 26th day of the 11th moon of the 31st year of Kuang Hsü.

(Signed) BARON KOMURA JUTARO, [L. S.]
Jusammi, Grand Cordon of the Imperial Order of the Rising Sun, Minister for Foreign Affairs and Special Ambassador of His Majesty the Emperor of Japan.

[1] See the agreement of September 4, 1909 (No. 27, *post*), Art. 5.
[2] See the agreement of May 14, 1908 (No. 22, *post*), and regulations dated September 11, 1908 (MACMURRAY, vol. I, p. 733).
[3] See the arrangement relating to the reduction of customs duties on goods transported by the Antung-Mukden Railway, May 29, 1913 (No. 32, *post*).

(Signed) UCHIDA YASUYA, [L. S.]
Jushii, Second Class of the Imperial Order of the Rising Sun, Envoy Extraordinary and Minister Plenipotentiary of His Majesty the Emperor of Japan.

(Signed) PRINCE CHING, [L. S.]
Presiding Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) CHU HUNG-CHI, [L. S.]
Minister for Foreign Affairs, Councillor of State and Plenipotentiary of His Majesty the Emperor of China.

(Signed) YUAN SHIH-KAI, [L. S.]
Viceroy of the Province of Chihli, Junior Guardian of the Heir-Apparent, Minister Superintendent of Trade for the Northern Ports and Plenipotentiary of His Majesty the Emperor of China.

Note

It has been stated that, to the treaty and additional agreement here printed, were attached certain secret protocols of which the following summary has been given:

Summary of alleged Secret Protocols to Sino-Japanese Treaty of December 22, 1905

"Whereas the protocols of the Conference recently held between the Plenipotentiaries of Japan and China with regard to Manchuria are to be kept strictly secret in deference to the desire of the Chinese Government, only such portions of those Protocols as possess the character of executory agreements are given in the following summary:

"1. The railway between Changchun and Kirin will be constructed by China with capital to be raised by herself. She, however, agrees to borrow from Japan the insufficient amount of capital; which amount being about one-half of the total sum required. The contract concerning the loan shall, in due time, be concluded, following, *mutatis mutandis,* the loan contract entered into between the board of the Imperial Railways of North China and the Anglo-Chinese Syndicate. The term of the loan shall be twenty-five years, redeemable in yearly instalments.

"2. The military railway constructed by Japan between Mukden and Hsinmintun shall be sold to China at a price to be fairly determined in consultation by Commissioners appointed for the purpose by the two Governments. China engages to reconstruct the line, making it her own railway, and to borrow from a Japanese corporation or corporations one half of the capital required for the portion of the line east of Liao-ho for a term of eighteen years repayable in yearly instalments, and a contract shall be concluded, for the purpose following, *mutatis mutandis,* the loan contract entered into between the Board of the Imperial Railways of North China and the Anglo-Chinese Syndicate.

"All the other military railways in different localities shall be removed with the evacuation of the regions.

"3. The Chinese Government engage, for the purpose of protecting the interest of the South Manchurian Railway, not to construct, prior to the recovery by them of the said railway, any main line in the neighborhood of and parallel to that railway, or any branch line which might be prejudicial to the interest of the above-mentioned railway.

"4. China declares that she will adopt sufficient measures for securing Russia's faithful observance of the Russo-Chinese treaties with regard to the railways which Russia continues to possess in the northern part of Manchuria, and that it is her intention, in case Russia acts in contravention of such treaty stipulations, to approach her strongly with a view to have such action fully rectified.

"5. When in the future, negotiations are to be opened between Japan and Russia for regulation of the connecting railway services (Article VIII of the Treaty of Peace between Japan and Russia), Japan shall give China previous notice. China shall communicate to Russia her desire to take part in the negotiations through commissioners to be despatched by her on the occasion, and Russia consenting shall participate in such negotiations.

"6. With regard to the mines in the Province of Fengtien, appertaining to the railway, whether already worked or not, fair and detailed arrangements shall be agreed upon for mutual observance.

"7. The affairs relating to the connecting services as well as those of common concern in respect of the telegraph lines in the Province of Fengtien and the cables between Port Arthur and Yentai shall be arranged from time to time as necessity may arise in consultation between the two countries.

"8. The regulations respecting the places to be opened in Manchuria, shall be made by China herself, but the Japanese Minister at Peking must be previously consulted regarding the matter.

"9. If no objection be offered on the part of Russia respecting to the navigation of the Sungari (by Japanese vessels), China shall consent to such navigation after negotiations.

"10. The Chinese Plenipotentiaries declare that immediately after the withdrawal of the Japanese and Russian troops from Manchuria, China will proceed to take, in virtue of her sovereign right, full administrative measures to guarantee peace in that region and endeavor, by the same right, to promote good and remove evil as well as steadily restore order, so that the residents of that region, natives and foreigners, may equally enjoy the security of life and occupation under the perfect protection of the Chinese Government. As to the means of restoring order, the Chinese Government are to take by themselves all adequate measures.

"11. While relations of intimate friendship subsisted as at the present time between China and Japan, Japan and Russia had unfortunately engaged in war and fought in the territory of China. But peace has now been reestablished and hostilities in Manchuria have ceased. And while it is undeniable that Japanese troops, before their withdrawal, have the power of exercising the rights accruing from military occupation, the Chinese Government declare that certain Japanese subjects in Manchuria have recently been observed to sometimes interfere with the local Chinese administration and to inflict damage to public and private property of China.

"The Japanese Plenipotentiaries, considering that, should such interference and infliction of damage have been carried beyond military necessity, they are not proper acts, declare that they will communicate the purport of the above declaration of the Chinese Government to the Government of Japan, so that proper steps may be taken for controlling Japanese subjects in the Province of Fengtien and promote the friendly relations between the two nations, and also for preventing them in future, from interfering with the Chinese administration or inflicting damage to public or private property without military necessity.

"12. In regard to any public or private property of China which may have been purposely destroyed or used by Japanese subjects without any military necessity, the Governments of the two countries shall respectively make investigations and cause fair reparation to be made.

"13. When the Chinese local authorities intend to despatch troops for the purpose of subduing native bandits in the regions not yet completely evacuated by Jappanese troops, they shall not fail to previously consult with the Commander of the Japanese troops stationed in those regions so that all misunderstandings may be avoided.

"14. The Japanese Plenipotentiaries declare that the Railway Guards stationed between Changchun and the boundary line of the leased territory of Port Arthur and Talien, shall not be allowed, before their withdrawal, to unreasonably interfere with the local administration of China or to proceed without permission beyond the limits of the railway.

"15. Chinese local authorities, who are to reside at Inkou, shall be allowed, even before the withdrawal of the Japanese troops, to proceed to that place and transact their official business. The date of their departure is to be determined, as soon as possible after the definite conclusion of this Treaty, by the Japanese Minister to China in consultation with the Waiwupu. As there is still in that place a considerable number of Japanese troops, quarantine regulations as well as regulations for the prevention of contagious diseases, shall be established by the authorities of the two countries in consultation with each other so that epidemics may be avoided.

"16. The revenue of the Maritime Customs at Yingkou shall be deposited with the Yokohama Specie Bank and delivered to the Chinese local authorities at the time of evacuation. As to the revenue of the native Customs at that place and the taxes and imposts at all other places, which are to be appropriated for local expenditures, a statement of receipts and expenditures shall be delivered to the Chinese local authorities at the time of evacuation.

The exploitation of the railways in Manchuria was entrusted by the Japanese Government to the South Manchuria Railway Joint Stock Company by an imperial ordinance of June 7, 1906, of which the translation (from the Japanese text as officially promulgated) is as follows:

Japanese Imperial Ordinance sanctioning Organization of South Manchuria Railway Company.—June 7, 1906

"We hereby sanction the organization of the South Manchuria Railway Joint Stock Company and cause the following Ordinance to be promulgated.

(Sign Manual)
(Privy Seal)

"June 7, 1906.

" (Countersigned) MARQUIS KIMMOCHI SAIONJI,
Minister President of State.

" (Countersigned) ISABURO YAMAGATA,
Minister of State for Communications.

IMPERIAL ORDINANCE No. 142, JUNE 7, 1906

"ARTICLE I.—The Government shall cause the organization of the South Manchuria Railway Joint Stock Company for the purpose of engaging in railway traffic in Manchuria.

"ARTICLE II.—The shares of the company shall all be registered [signed] and may be owned only by the Japanese and Chinese Governments or by subjects of Japan and China.

"ARTICLE III.—The Japanese Government may offer its Manchurian railways, and their appurtenances, and its coal mines in Manchuria, as the capital to be furnished by the Government.

"ARTICLE IV.—The company may divide the new shares to be raised into several issues to be floated at different times, but the amount of the first issue shall not be less than one-fifth of the whole amount.

"ARTICLE V.—The first payment upon the shares need not exceed one-tenth of the value of the shares.

"ARTICLE VI.—The company shall establish its head-office at Tokio and a branch office at Dalny.

"ARTICLE VII.—The company shall have a president, a vice-president, four or more directors and from three to five inspectors.

"ARTICLE VIII.—The president shall represent the company and manage its affairs.

"The vice-president shall perform the president's duties when the latter is prevented from discharging them, and shall act as president when the latter post is vacant.

"The vice-president and directors shall assist the president in his duties and shall take charge of various departments of the company's business.

"The inspectors shall examine the business of the company.

"ARTICLE IX.—The Government, subject to the Imperial sanction, shall appoint the president and vice-president, whose terms of office shall be five years.

"The Government shall appoint the directors from among those shareholders who own fifty or more shares. The term of office shall be four years.

"The inspectors shall be elected from among the shareholders at a general meeting of the latter. The term of office shall be three years.

"ARTICLE X.—The amount of compensation and allowances of the president, vice-president and directors shall be fixed by the Government.

"ARTICLE XI.—The president, vice-president and directors of the company shall not engage in any other business or trade, under any name whatsoever, during their terms of office, except by special permission of the Government.

"ARTICLE XII.—The Government shall appoint supervisors for the South Manchuria Railway Joint Stock Company to supervise the business of the company.

"The supervisors may at any time examine the company's business and inspect their safes, books, documents and any other articles belonging to the company.

"The supervisors, whenever they may deem it necessary, may order the company to report on the various accounts and the condition of the company's business.

"The supervisors may attend the general meetings of the shareholders of the company, or any other meetings, and express their opinions, but shall not be entitled to vote.

"ARTICLE XIII.—The Government may issue such orders as may be necessary to superintend the business of the company.

"ARTICLE XIV.—In case the decisions of the company or the conduct of its officers are in violation of laws and regulations or of the object of the company, or are detrimental to the public welfare, or fail to carry out the orders of the Government office under whose jurisdiction the company is, the Government may cancel the said decisions or dismiss the officers concerned.

"ARTICLE XV.—When the Government deems it necessary, it may apply to the company the provisions of the laws and regulations relating to railways in Japan.

"In the case referred to in the preceding paragraph the Government shall inform the company in advance as to the laws and regulations to be so applied.

"ARTICLE XVI.—When not otherwise provided for in this Ordinance, the provisions of the Commercial Code and its Supplementary Laws and Regulations shall be applied.

"ARTICLE XVII.—The provisions of Imperial Ordinance No. 366 [Relates to the construction of railways in foreign countries by Japanese companies.] of 1900, shall not be applied to the company that is to be organized in accordance with this Ordinance.

"SUPPLEMENTARY RULES

"ARTICLE XVIII.—The Government shall appoint a commission to transact all business relating to the organization of the South Manchuria Railway Joint Stock Company.

"ARTICLE XIX.—The organizing commission shall draw up the company's articles of association, and after the said articles have been approved by the Government, shall open the subscriptions for the first issue of shares.

"ARTICLE XX.—When the first issue of the company's shares has been subscribed, the commission shall present to the Government the subscription list and apply for permission to organize the company.

"ARTICLE XXI.—When the permission referred to in the preceding Article has been given, the organizing commission shall, without delay, call for the first instalment upon each share.

"When the first instalment referred to in the preceding Article has been paid in, the commission shall, without delay, call a general meeting for organization.

"ARTICLE XXII.—At the close of the first general meeting the organizing commission shall turn over its business to the President of the South Manchuria Railway Joint Stock Company."

The following are the translations (from the official Japanese texts) of the government order of August 1, 1906, concerning the South Manchuria Railway Company, and of the articles of incorporation of that company:

Japanese Government Order regarding South Manchuria Railway Company.—August 1, 1906

"To Masatake Terauchi, Chairman of the Organizing Commission of the South Manchuria Railway Joint Stock Company, And eighty other members of the Commission:

"The following orders are hereby given respecting the several matters relating to the organization of the South Manchuria Railway Joint Stock Company, all matters pertaining to the management of which have been entrusted to the Commission.

"August 1, 1906.

"ISABURO YAMAGATA,
Minister of Communications.
"YOSHIRO SAKATANI, LL.D.,
Minister of Finance.
"VISCOUNT TADASU HAYASHI,
Minister for Foreign Affairs.

"ARTICLE 1.—In accordance with the Additional Agreement of the Japan-China Treaty relating to Manchuria, signed on December 22nd, 1905, the Company shall engage in the traffic of the following railways:

"Tairen-Changchun.
"Nankuanling-Port Arthur.
"Tafangshen-Liushutun.
"Tashichiao-Yingkow.
"Yentai-Yentai Coal Mine.
"Sukiatun-Fushun.
"Mukden-Antunghsien.

"ARTICLE 2.—The railways mentioned in the preceding Article shall be changed to the 4 feet 8.5 inch gauge within three (3) years counting from the day on which the company commences its operations.

"On the Tairen-Changchun Railway the tracks between Tairen and Sukiatun [near Mukden] shall be doubled.

"ARTICLE 3.—The company shall make the various arrangements necessary for the lodging and meals of the passengers, as well as for the storage of goods at the principal stations on the line.

"At the points on the harbors and bays touched by the railways the necessary arrangements shall be made for connecting water and land transportation.

"ARTICLE 4.—For the convenience and the profit of the railways, the company may engage in the following accessory lines of business:

"Mining, especially the operation of the coal-mines at Fushun and Yentai.
"Water transportation.
"Electrical enterprises.
"Sale on commission of the principal goods carried by the railways.
"Warehousing.
"Business relating to the land and buildings on the land attached to the railways.
"In addition, any business for which Government permission has been given.

"ARTICLE 5.—The company shall, subject to the permission of the Government, make the necessary arrangements for engineering works, education, sanitation, etc. within the area of lands used for the railways and the accessory lines of business.

"ARTICLE 6.—To defray the expenses necessary for the arrangements mentioned in the preceding Article, the company may, subject to the permission of the Government, collect fees of those who live within the area of lands used for the railways and the accessory lines of business, or make any other assessments for necessary expenses.

"ARTICLE 7.—The total amount of the company's capital stock shall be 200 million Yen, of which 100 million Yen shall be furnished by the Imperial [Japanese] Government.

"ARTICLE 8.—The capital to be furnished by the Government mentioned in the preceding Article shall consist of the following properties:

"The existing railways.

"All properties belonging to the railways, except those in the leased territory specially designated by the Government.

"The coal mines at Fushun and Yentai.

"ARTICLE 9.—The rolling stock now being used by the Government, and the rails as well as the accessories of the Mukden-Antunghsien temporary railway, shall be sold to the company at a reasonable price.

"ARTICLE 10.—The shares not owned by the Government shall be open to subscription by Japanese and Chinese subjects.

"ARTICLE 11.—When the dividend of the company for any business year is less than six (6) per cent per annum on the paid amount for the shareholders other than the Governments of Japan and China (hereafter to be styled 'the shareholders'), the Government shall supply the deficiency for a period of fifteen (15) years only, (or for thirty (30) business years if the calendar year be divided into two business years), commencing from the day of the registration of the company's establishment. However, the amount of money to be furnished by the Government to supply the deficiency referred to shall, under no circumstances, exceed six (6) per cent per annum on the capital paid in by the shareholders.

"ARTICLE 12.—When the dividend of the company for any business year does not exceed six (6) per cent per annum on the capital paid in by the shareholders, the dividend on the shares owned by the Government need not be paid.

"The shares owned by the Chinese Government shall be dealt with in a similar way to those owned by the Imperial Government.

"ARTICLE 13.—The Government shall guarantee the payment of interest on the debentures which the company may issue for the reconstruction of the railways, or for the operation of the accessory business, and on those which the company may issue for consolidating or redeeming these debentures. The Government shall, if necessary, guarantee the repayment of the principal.

"The amount of the face value of the debentures to be guaranteed by the Government shall not exceed the amount remaining when the capital paid in by the shareholders other than the Government is subtracted from the total of the capital subscribed by them [shall not exceed the difference between the capital subscribed and the amount paid in].

"The debentures mentioned in the first paragraph shall be redeemed within twenty-five (25) years counting from the year of their issuance.

"ARTICLE 14.—For the debentures issued in accordance with the provisions in the first paragraph of the preceding Article, the Government shall supply the amount corresponding to the interest on the debentures.

"When the dividend on the capital paid up by the shareholders exceeds six (6) per cent per annum, the surplus shall first be applied to the payment of the interest on the debentures. However, in this case the amount of surplus shall be deducted.

"ARTICLE 15.—When there is any surplus after paying the interest on the debentures, as mentioned in the preceding Article, out of the profits of the company's business, the said surplus shall be apportioned to the shares owned by the Governments of Japan and China until the rate is equal on the respective amounts paid up by all shareholders.

"ARTICLE 16.—The money to be supplied by the Government, as provided for in Articles 11 and 14, shall bear interest at six (6) per cent per annum. The interest shall be added annually to the principal, and the total shall be the company's indebtedness to the Government.

"When the dividend for all the shares exceeds ten (10) per cent per annum, the surplus shall be devoted to the redemption of the company's debt mentioned in the preceding paragraph.

"ARTICLE 17.—Any surplus of funds raised by means of the debentures mentioned in Article 13 shall be deposited with the Division of Deposits in the Department of Finance.

"ARTICLE 18.—The company shall determine estimates of the capital to be paid up and the debentures to be floated during each business year, their face value, issuing price, rate of interest, date of issuance et cetera, and shall receive the Government's approval.

"ARTICLE 19.—The company shall determine the regulations relating to its finances and business, and shall secure the Government's approval.

"When the company desires to alter the regulations mentioned in the preceding paragraph and the articles of incorporation, similar steps shall be taken.

"ARTICLE 20.—The plans of the company's business, the estimate of the cost of operation, the budget of income and expenditures connected with the company's business, the settlement of the same and the rate of the dividend for each business year shall be submitted to the Government for approval. When the company desires to alter the foregoing items, similar steps shall be taken.

"ARTICLE 21.—At the designation of the Government the company shall report on the following matters:

"The present condition of the cost of operation as well as the income and expenditures connected with the company's business.

"The actual condition of the company's work in general.

"ARTICLE 22.—Without the permission of the Government the company shall not dispose of its principal rights and properties; nor give the same for security.

"ARTICLE 23.—When the Government deems it necessary, it may order the freight charges to be reduced, but only under special conditions.

"ARTICLE 24.—The Government may, when it deems necessary, order the company to make new works arrangements or modify the existing ones.

"ARTICLE 25.—At the designation of the Government the company shall be under obligation at any time to place the railways, land and any other articles at the service of the Government.

"ARTICLE 26.—The Articles and paragraphs relating to the funds to be supplied by the Government and the Government guarantees mentioned in the present order shall be confirmed upon the approval of the Imperial Diet."

"THE ARTICLES OF INCORPORATION OF THE SOUTH MANCHURIA RAILWAY JOINT STOCK COMPANY

"CHAPTER I.—*General provisions*

"ARTICLE I.—This company shall be called the South Manchuria Railway Joint Stock Company and is established in accordance with Imperial Ordinance No. 142 of 1906 and in obedience to the Order of the Imperial Japanese Government.

"ARTICLE 2.—The liability of the shareholders of this company is limited to the value of the shares owned by them.

"ARTICLE 3.—This company shall establish its head-office at Tokyo and its branch office at Tairen [Dalny].

"ARTICLE 4.—The objects of this company are as follows:

"I. To engage in the transportation business of the following railways in Manchuria:

"Tairen-Changchun Railway.
"Nankuanling-Port Arthur Railway.
"Tafangshin-Liushutun Railway.
"Tashichiao-Yingkow Railway.
"Yentai-Yentai Coal-Mine Railway.
"Sukiatun-Fushun Railway.
"Mukden-Antunghsien Railway.

"II. To engage in the following lines of accessory business for the benefit of the railways:

"Mining, especially the operation of the coal mines at Fushun and Yentai.
"Water transportation.
"Electrical enterprises.
"Warehousing.
"Business relating to the land and buildings on the land attached to the railways.
"Any other business for which the permission of the Government may be given.

"ARTICLE 5.—The capital of this company shall be 200,000,000 Yen. However, the amount of the first subscription of shares shall be Yen 20,000,000, not including the shares to be owned by the Imperial Japanese Government. The second and subsequent subscriptions shall be opened from time to time, as necessity may require, upon the resolution of a general meeting of the shareholders.

"ARTICLE 6.—The public notices of this company shall be published in the newspapers in which the public notices of the court of law are published to whose jurisdiction the company is subject in Tokyo [the location of the head-office]. and in the newspapers in which the public notices of the Government General of Kwantung are published at Tairen.

"CHAPTER II.—*Shares*

"ARTICLE 7.—The share certificates of this company shall all be registered, and each share shall be two hundred (200) Yen.

"ARTICLE 8.—The certificates of shares of this company shall be of the following seven denominations:

"One-share certificates
"Five-share certificates
"Ten-share certificates
"Fifty-share certificates
"One hundred-share certificates
"One thousand-share certificates
"Ten thousand-share certificates

"ARTICLE 9.—The certificates of shares of this company shall bear the name of the company, the date of registration, the total amount of capital, the amount of each share, the amount paid up, and the number of the certificate. They shall bear the signature and seal of the President.

"ARTICLE 10.—As to the payments upon the shares, twenty (20) Yen per share shall be paid in at the first call. For the second and subsequent calls on the shares, the President shall determine the amount to be paid in as well as the time of payment, and notice of the same shall be sent to each shareholder at least sixty (60) days in advance. However, each call on the shares shall not exceed twenty (20) Yen per share.

"ARTICLE 11.—If a shareholder fails to make payment by the date fixed for payment on the shares, delay interest shall be charged him at the rate of four (4) sen per day per one hundred (100) Yen on the amount due.

"ARTICLE 12.—If a shareholder fails to make payment within fifteen (15) days from the date fixed for the first payment on the shares, the company may demand that payment be made within thirty days; and if the money is not paid in by that time the company may notify him that his rights as a shareholder of this company shall be forfeited.

"In the case mentioned in the previous paragraph, where rights are lost, the application money previously paid shall not be refunded.

"ARTICLE 13.—If at the second and subsequent calls on the shares a shareholder fails to make payment within fifteen (15) days after the date fixed for payment, the company may notify such shareholder that payment must be made within thirty (30) days, and that, in the case of failure to comply, his rights as a shareholder of this company shall be forfeited.

"When, in the case mentioned in the previous paragraph, a shareholder has forfeited his rights as such, the company shall notify each assignor [*i.e.*, one who has previously held the shares] of shares that payment must be made within fifteen (15) days, and the assignor who first pays the amount in arrears shall acquire the shares. If no assignor pays, the company shall sell the shares at auction. If the amount realized by the auction is not sufficient to cover the amount in arrears, the previous shareholder shall be required to make good the deficit. If the previous shareholder does not make good within fourteen (14) days, the company shall demand performance of the assignors.

"ARTICLE 14.—The liability of the assignors mentioned in the preceding Article is extinguished after two years from the time when the assignment was entered in the Register of Shareholders.

"ARTICLE 15.—If a company or any other legal person, public or private, owns the shares of this company, it shall appoint its representative and have his name entered in the Register of Shareholders of this company. If shares are held by two or more persons in common, they are required to appoint one person to exercise their rights as shareholder. Persons holding shares in common are jointly and severally liable to the company for the payment upon the shares.

"ARTICLE 16.—When shares are to be assigned, the parties concerned shall make a written statement in accordance with the form prescribed by this company and apply for the alteration of the certificates of shares. However, when a person inherits shares by virtue of succession, bequest or any decision rendered by a court of law, such person is required to attach to the statement referred to a certificate of the census official or other documents as evidence that the company may deem necessary.

"The assignment of any share shall not be valid unless the name and domicile of

the assignee are entered in the Register of Shareholders and the name of the said assignee is entered on the share certificate in question.

"ARTICLE 17.—Should any certificate of shares be destroyed, mutilated or lost, the shareholder may apply for a new certificate of shares by presenting to the company a statement giving the facts in the case and signed by two or more persons as guarantors. However, in case of loss, a public notice to that effect shall be given at the expense of the applicant, and the new certificate of shares shall be issued only when no objection is raised within sixty (60) days from the date of the said public notice.

"ARTICLE 18.—If any shareholder wishes to change the denominations of his certificates of shares, the said certificates shall be presented to the company together with the application.

"ARTICLE 19.—For the registration of a change of an owner's name on a certificate of shares, the issue of a new certificate of shares or the alteration of the denomination of a certificate of shares, the prescribed fees of the company shall be collected from the applicant.

"ARTICLE 20.—During a period not exceeding thirty (30) days immediately preceding each ordinary general meeting of shareholders, the company shall suspend the assignment of shares.

"CHAPTER III.—*Shareholders*

"ARTICLE 21.—The shareholders of this company shall be limited to the Governments of Japan and China, and the subjects of Japan and China.

"ARTICLE 22.—The Imperial Japanese Government shall furnish the following properties as capital, and the company shall deliver to the Government five hundred thousand (500,000) shares, amounting to Yen 100,000,000, which is the value of the said properties:

"The existing railways (except the rolling stock now actually in use, as well as the rails and accessories of the Mukden-Antunghsien temporary railway).

"All properties attached to the railways referred to, except such properties within the leased territory as may be designated by the Government.

"The coal-mines at Fushun and Yentai.

"ARTICLE 23.—Each shareholder shall have the right to one vote for each share owned by him.

"ARTICLE 24.—The shareholders and their legal representatives shall report to the company their domiciles, names and a copy of their legal seals, when they acquire shares. When any alteration in the above facts has taken place, similar measures shall be taken.

"CHAPTER IV.—*General meeting*

"ARTICLE 25.—An ordinary general meeting shall be called by the President twice every year in the months of June and December. An extraordinary general meeting shall be called by the President when the President or the Inspectors deem it necessary to do so, or when the shareholders owning at least one-tenth or more of the total number of shares have presented a request to that effect, stating the object of the general meeting and the reasons for calling the same. When the shareholders have requested a general meeting to be called, the President shall take steps for calling the same within fourteen (14) days.

"ARTICLE 26.—The discussion at a general meeting shall be confined to the subjects previously announced.

"ARTICLE 27.—The date, time and place of a general meeting shall be determined by the President, and a notice to that effect shall be sent out to the shareholders at least thirty (30) days in advance of such meeting.

"ARTICLE 28.—The President shall act as chairman of a general meeting.

"ARTICLE 29.—The shareholders may appoint only shareholders of this company as their representatives, and their powers of attorney shall be presented to the company.

"ARTICLE 30.—The chairman of the general meeting shall be allowed to exercise his right to vote as a shareholder.

"ARTICLE 31.—Resolutions of a general meeting shall be adopted by a majority vote of the shareholders present. In case of a tie, the chairman shall have the casting vote.

"ARTICLE 32.—The issuance of company debentures or amendments to the Articles of Incorporation shall be decided by a majority vote, with more than one-half of the

total number of shareholders and also of shareholders representing a half or more of the capital stock present.

"If, in the case mentioned in the preceding paragraph the necessary quorum is not present, a provisional decision may be made by a majority of the shareholders present. A notification giving the essential details of the said provisional decision shall be sent to each shareholder, and another general meeting shall be called in not less than one month.

"At the second general meeting the said provisional decision shall be confirmed or rejected by a majority vote of the shareholders present.

"ARTICLE 33.—The minutes of a general meeting shall be recorded in the Proceedings of the general meetings, and the same shall bear the signatures and seals of the President and chief officers present.

"ARTICLE 34.—The chairman of the general meeting may adjourn the meeting or change the place of meeting. The discussion at an adjourned meeting shall be confined to the subjects on which no decision was made at the preceding meeting.

"CHAPTER V.—*Chief officers*

"ARTICLE 35.—The chief officers of this company shall be as follows:

President	1
Vice-President	1
Directors	4 or more
Inspectors	3 to 5

"ARTICLE 36.—The term of office of the President and Vice-President shall be five years, and they shall be appointed by the Government subject to the Imperial sanction.

"The term of office of the Directors shall be four years, and they shall be appointed by the Government from among those who own fifty (50) shares or more.

"The term of office of the Inspectors shall be three years, and they are to be elected by the shareholders at a general meeting of the shareholders.

"ARTICLE 37.—The remunerations and allowances of the President, Vice-President and Directors shall be determined by the Government.

"The remuneration of the Inspectors shall be determined by a resolution of a general meeting of the shareholders.

"ARTICLE 38.—The Directors are required, during their term of office, to deposit with the Inspectors fifty (50) shares of the company owned by them. These shares shall not be returned to their owners even on their retirement from office until all affairs transacted during their term of office shall have been approved at a general meeting.

"ARTICLE 39.—In the event of the office of any Inspector becoming vacant, an extraordinary general meeting of the shareholders shall be called for the purpose of a by-election, and the new Inspector shall hold office during the remainder of the term of office of his predecessor.

"However, a by-election may be postponed until the next general meeting of the shareholders, except when the number of Inspectors has decreased to two or less.

"ARTICLE 40.—The President shall represent the company and have general control of all its affairs.

"The Vice-President shall represent the President when he is prevented from discharging his official duties, and shall act as President when that office is left vacant.

"The Vice-President and the Directors shall assist the President, and each shall take charge of a part of the business of the company.

"The Inspectors shall inspect the affairs of the company.

"ARTICLE 41.—During their respective terms of office the President, Vice-President and Directors shall not engage in any other occupation or business under any name whatever without the permission of the Government.

"ARTICLE 42.—The President shall keep at the head-office as well as the branch office copies of the Articles of Incorporation and of the Record of Resolutions of the general meetings of shareholders. He shall also keep at the head-office the Register of Shareholders and the Ledger of Debentures.

"ARTICLE 43.—The President shall submit the following documents to the Inspectors seven (7) days in advance of the date set for the ordinary general meeting of shareholders:

"(1) An inventory of the company's properties.
"(2) A balance sheet.
"(3) A report on the company's works.
"(4) An account of the profits and losses.
"(5) Proposals relating to the reserve funds and to the dividends.

"ARTICLE 44.—The President shall have in readiness at the head-office before the day of an ordinary general meeting of the shareholders the documents mentioned in the preceding Article and the Inspectors' report.

"ARTICLE 45.—The President shall submit to an ordinary general meeting of the shareholders the documents mentioned in Article 43 and obtain its approval.

"The President shall publish the balance sheet when he has obtained the approval mentioned in the preceding paragraph.

"ARTICLE 46.—The Inspectors are required to examine the documents to be submitted by the President to a general meeting of shareholders and to report their views at the said meeting.

"ARTICLE 47.—The Inspectors may at any time demand the President to report on the business of the company, and may examine the management of its affairs and the condition of its properties.

"CHAPTER VI.—*Supervisors*

"ARTICLE 48.—The Supervisors of the South Manchuria Railway Joint Stock Company may at any time inspect the arrangements of the company's work, or examine the safes and books of the company, as well as the various documents and articles belonging to it.

"The Supervisors may, whenever they deem it necessary, order the company to report on the various business accounts and the condition of the company.

"The Supervisors may attend the general meetings of the shareholders or any other meetings and express their opinions, but they are not entitled to vote.

"CHAPTER VII.—*Accounts*

"ARTICLE 49.—The account of this company shall be settled by dividing a year into two periods. From April to September of every year shall be the first half year and from October to the following March shall be the second half year.

"ARTICLE 50.—This company shall set aside as a reserve fund one-twentieth (1/20) or more of the profits, whenever they are apportioned, until the reserve fund amounts to one-fourth (1/4) of the capital.

"Special reserve funds other than that provided for in the preceding paragraph shall be determined by a resolution of a general meeting.

"ARTICLE 51.—The dividends to the shareholders shall be paid according to the Register of Shareholders as it stands on June 1 and December 1.

"ARTICLE 52.—When the dividend of the company for any business year is less than six (6) per cent per annum on the paid up capital for the shareholders other than the Governments of Japan and China (hereafter to be styled merely 'the shareholders'), the Imperial Japanese Government shall supply the deficiency for a period of fifteen (15) years commencing from the day of the registration of the company's establishment. However, the amount of money to be supplied by the Government shall, under no circumstances, exceed six (6) per cent per annum on the capital paid in by the shareholders.

"ARTICLE 53.—When the dividend of the company does not exceed six (6) per cent per annum on the capital paid in by the shareholders, the dividend on the shares owned by the Government need not be paid.

"The shares owned by the Chinese Government shall be dealt with in a similar way to those owned by the Imperial Japanese Government.

"ARTICLE 54.—The payment of interest on the debentures which the company may issue for the reconstruction of the railways, or for the operation of the accessory business, and on those which the company may issue for consolidating or redeeming old debentures, shall be guaranteed by the Imperial Japanese Government.

"The reimbursement of the principal may also, if necessary, be guaranteed by the Imperial Japanese Government. The amount of the face value of the debentures to

be guaranteed by the Imperial Japanese Government shall not exceed the amount remaining when the capital paid in by the shareholders other than the Imperial Japanese Government is subtracted from the total of the capital (Yen 100,000,000) subscribed by them.

"The debentures mentioned in the first paragraph of this Article shall be redeemed within twenty-five (25) years.

"ARTICLE 55.—For the debentures issued in accordance with the provisions of the first paragraph of the preceding Article, the Government shall supply the amount corresponding to the interest on the debentures.

"When the dividend on the capital paid up by the shareholders exceeds six (6) per cent per annum, the surplus shall first be applied to the payment of the interest on the debentures. However, in this case the amount of surplus shall be deducted from the money to be supplied by the Government mentioned in the preceding paragraph.

"ARTICLE 56.—When there is any surplus after paying the interest on the debentures, as mentioned in the preceding Article, out of the profits of the company's business, the said surplus shall be apportioned to the shares owned by the Governments of Japan and China until the rate is equal on the respective amounts paid up by all shareholders.

"ARTICLE 57.—The money to be supplied by the Imperial Japanese Government, as provided for in Articles 52 and 55, shall bear interest at six (6) per cent per annum. The interest shall be added annually to the principal, and the total shall be the company's indebtedness to the Imperial Japanese Government.

"When the dividend for all shares exceeds ten (10) per cent per annum, the surplus shall be devoted to the redemption of the company's debt mentioned in the preceding paragraph.

"CHAPTER VIII.—*Expenses for organising the company*

"ARTICLE 58.—The expenses for organizing the company shall not exceed 50,000 Yen.

"Of the amount mentioned in the preceding paragraph that advanced by the Government shall be reimbursed by the company.

"Supplementary Article

"ARTICLE 59.—The provisions in Articles 52 to 57 shall be confirmed upon being approved by the Imperial Diet."

Under date of July 31, 1917, were issued the following imperial ordinances regarding the organization of the South Manchuria Railway Company, and the turning over to its management of the Korean (Chosen) system of railways:

Organization of the South Manchuria Railway Company

"(Imperial Ordinance No. 89, July 31, 1917)

[Translation]

"Imperial Ordinance No. 142 of 1906 shall be revised as follows:

"In Article 7, 'One President, One Vice President,' shall be revised to 'the Chairman of Directors.'

"Article 8, paragraphs one to four, shall be revised as follows:

> The Chairman of Directors on behalf of the Company shall execute the affairs of the Company according to the orders of the Governor General of Kwantung Province. When the Chairman of Directors is prevented (from attending office) a Director designated by the Government shall represent him in the discharge of his duty.

"In Articles 9 to 11 'President and Vice President' shall be revised to 'Chairman of Directors.'

"Supplementary Rule. This Ordinance shall be effective from the date of its promulgation."

Concerning the Turning over of the Operation of the Railways under the Jurisdiction of the Government General of Chosen

"(Imperial Ordinance No. 90, July 31, 1917)

[Translation]

"The Governor General of Chosen may intrust to the South Manchuria Railway Company the construction, improvement, preservation and operation of the railways and the undertakings connected therewith under his jurisdiction.

"In the cases mentioned in the preceding paragraph, the Governor General of Chosen may issue necessary orders to or make necessary arrangements with the South Manchuria Railway Company for the carrying out of the undertakings intrusted to it or cause the officials to inspect the undertakings.

"Supplementary Rule. This Ordinance shall be effective from the date of its promulgation."

No. 14

JAPAN AND CHINA

Agreement for the rendition of the Port of Ying-k'ou (Port of Newchwang).[1]*—December 5, 1906*[2]

In accordance with the Four Articles agreed upon by the Governments of China and Japan at Peking in the month of October last,[3] providing for the return of Ying-k'ou by Japan to the control of China, the two

[1] MACMURRAY, vol. I, p. 612, translation from the Chinese text.

In connection with this agreement see also the treaty between Japan and China, December 22, 1905 (No. 13, *ante*).

[2] Signed at Newchwang.

[3] The Chinese text reads "Japanese calendar 10th month (*i. e.*, October); Chinese calendar 9th moon (i.e., 18th October-15th November)." The Peking Agreement referred to was signed November 9th, 1906, between the Wai Wu Pu and Mr. Hayashi, Minister of Japan, in terms of which the following is a translation:

"(1) Previous to the withdrawal of the Japanese troops from Ying-k'ou (Port of Newchwang) all regulations relating to quarantine inspection and the prevention of epidemics must be determined by the local authorities in consultation with the Japanese Consul.

"(2) All public works begun during the period of military occupation, or arranged for but not yet begun must be taken over and completed by the local authorities, or the latter must allow the Japanese to complete them.

"(3) All matters relating to police and sanitation shall be under the control of the Chinese local authorities; who shall administer them in a thoroughly efficient manner so as to secure the general welfare. To this end, Japanese Police Inspectors and Medical Officers are also to be employed. Should the administration be unsatisfactory in any particular the Japanese Consul may make representations to the local authorities, who shall advise with him and take such action as the circumstances may require.

"(4) Both the Native Customs and the Imperial Maritime Customs shall be under the control of the Customs Taot'ai. The Chinese Government shall for the present deposit all receipts from both Customs with the Yokohama Specie Bank, but hereafter, as soon as the Bank of the Board of Finance shall have established its branch, these receipts shall be deposited with both banks."

Governments mentioned have now appointed representatives, who have met at Ying-k'ou and have agreed upon the following:

1. Whereas Article I of the Peking Memorandum provides that previous to the withdrawal of the Japanese Military forces regulations relating to quarantine inspection (or public health) at Ying-k'ou shall be adopted by the Chinese local authorities in consultation with the Japanese Consul, now, therefore, we, representatives of the two Governments concerned, have agreed that, for the time being, such matters shall be dealt with under the regulations adopted by the Japanese military authorities, and that afterwards, should occasion arise requiring their modification, the Chinese local authorities may of their own authority take such action as may be needed.

2. Whereas Article II of the Peking Memorandum provides that all public works begun during the military occupation, or for which arrangements were made at that time shall be taken over by the local authorities, or by them allowed to be undertaken by the Japanese, we now find that the Japanese military authorities have granted permission to a joint stock company to establish water works, electric tramways, an electric light plant, and a telephone system at Ying-k'ou, and we, representatives of the two Powers concerned, have agreed that the said company may undertake the water works, electric tramways, and electric lighting, but that it will be necessary first to send the Regulations adopted by the company to Peking to be filed with the Board(s) concerned, and, if it shall appear necessary to the said Board(s) so to do, to be altered, or to have additions made to them, or excisions from them; and the said company agrees to comply accordingly.

As for the telephone system, it should be taken over by the Imperial Chinese Telegraph Service, and be operated by it, and the said Telegraph Service and the company shall each appoint a representative to examine the telephone property, as already established in Ying-k'ou, and estimate the price at which it shall be bought. If these representatives fail to agree upon a price, the said Telegraph Service and the company shall together select a disinterested arbitrator to determine the same, whose decision shall be accepted by both parties.

As to the abattoir, it shall be taken charge of by the Health Office, and the manner of fixing the price at which it shall be bought shall be similar to that adopted in the case of the purchase of the telephone system by the Telegraph Service.

The light railway extending from Ying-k'ou to Niuchia-t'un shall be taken up as soon as the electric tramway is completed. All works of public utility undertaken by the Japanese military authorities, or arranged for but not yet begun, the Chinese local authorities agree to take over and complete as planned.

3. Whereas it is provided in Article III of the Peking Memorandum that matters affecting police administration and public health shall be under the control of the Chinese local authorities; that the management thereof shall be most efficient so as to secure public safety; that Japanese police instructors and physicians shall be employed in the administration, and that, if any cause of dissatisfaction should arise, the Japanese Consul may notify the local authorities who shall consult with him and take the necessary action; now we, representatives of the two Governments concerned, have agreed that in the employment of Japanese police instructors and physicians the same regulations shall be adopted as in the case of the Japanese police instructors and physicians employed in Tientsin, except in the matter of salaries; and, if hereafter dissatisfaction should occur in the administration of police affairs, immediately upon a notification to that effect from the Japanese Consul the local authorities shall consult with him and take such action as may be needed.

4. No suits at law decided during the military occupation shall be reopened by the Chinese local authorities. The records in all such cases, and other documents connected with them, shall be delivered by the military government to the Chinese local authorities for filing. The military government shall also make copies of all such records and deposit the same at the Japanese Consulate at Ying-k'ou.

5. Whereas it is provided in Article 4 of the Peking Memorandum that both the Imperial Maritime Customs and the Native Customs shall be placed under the control of the Customs Taot'ai, and that the Chinese Government shall for the present deposit the receipts of both said customs with the Yokohama Specie Bank, and that hereafter when the Bank of the Board of Finance shall have established a branch (at Ying-k'ou) the receipts shall be deposited with both banks; now therefore we, representatives of the two Governments concerned, have agreed that the local authorities concerned and the Yokohama Specie Bank shall together arrange the terms of such deposit with the Yokohama Specie Bank at Ying-k'ou.

6. The military government at Ying-k'ou agree that on the sixth of December, 1906, it will entirely withdraw from said port.

(Dated) Ming-chih (Meiji XXXIX Year, 12th Month, 5th Day. Kuang Hsü XXXII Year, 10th Moon, 20th Day. (December 5, 1906.)

(Signed) Moritaro Abé,
First Secretary, Japanese Legation.
Ananoshin Segawa,
Japanese Consul at Newchwang,
Lieut. Colonel Kikei Yokura,
Representatives of the Imperial Japanese Gov't.

Liang Ju-hao [M. T. Liang],
Intendant of the Chin-chen-Shan-hai-kuan Circuit,
Representative of the Imperial Chinese Gov't.

No. 15

JAPAN AND CHINA

Convention regarding the Hsinmin-Mukden and Kirin-Changchun Railways.[1]*—April 15, 1907*

Gonsuke Hayashi, Envoy Extraordinary and Minister Plenipotentiary of Japan, and Na-t'ung, Ch'u Hungchi, and Tong Shao-i, Ministers of the Imperial Chinese Board of Foreign Affairs, having been appointed thereto by their respective governments, have agreed upon the following Articles:

I. The Chinese Government, being desirous of purchasing the Hsin-min Fu-Mukden Railway, constructed by Japan, hereby agrees that the purchase price thereof shall be Japanese Gold Yen 1,660,000, to be paid through the Yokohama Specie Bank at Tientsin.

The status of this railway shall be changed by the Chinese Government to that of the lines built by China herself, and it is agreed that one-half of the capital needed for that part of the line east of the Liao River shall be borrowed from the South Manchuria Railway Company.

II. The Chinese Government, being about to construct a railway line herself from Kirin to Changchun Fu, agrees to borrow from the aforesaid Company one-half of the capital needed for this work.

III. The conditions of the loans provided for in Articles I and II, with the exception of the periods within which they are to be repayable, shall be in all respects similar to those of the loan contracts of the Railways Inside and Outside Shan-hai Kuan. The most important conditions are mentioned below. The Regulations for the management of the railway lines shall correspond with the methods at present employed by the General Office of the Railway Lines Inside and Outside Shan-hai Kuan.

(*a*) The periods within which the loans shall be repaid shall be

[1] MacMurray, vol. I, p. 627; translation from the Chinese text as printed in Wang, p. 127. Printed also in *For. Rel.*, 1907, p. 776; Hertslet, p. 397; *F. E. Review*, vol. XI, p. 391.

In connection with this convention see also the agreement for the handing over of the Hsinmin-Mukden Railway, May 27, 1907 (No. 16, *post*); supplementary agreement for a loan for the Hsinmin-Mukden and Kirin-Changchun Railways, November 12, 1908 (No. 23, *post*); detailed agreements concerning the Hsinmin-Mukden and the Kirin-Changchun Railway loans, August 18, 1909 (Nos. 24 and 25, *post*); also, with particular reference to the Kirin-Changchun Railway, see Article 6 of the agreement relating to Chientao, September 4, 1909 (No. 28, *post*), and Article 7 of the Sino-Japanese treaty respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *post*), and Kirin-Changchun Railway loan agreement of October 12, 1917 (No. 41, *post*).

For the text of a preliminary agreement of June 28/July 11, 1902, for the construction of the Kirin-Changchun Railway by the Chinese Eastern Railway, see MacMurray, vol. I, p. 629.

for that part of the Hsin-min-Mukden Line east of the Liao River 18 years, and

for the Kirin-Changchun Line 25 years.

No repayment in full of these loans shall be allowed before the expiration of the periods named.

(*b*) The security for the loan from the South Manchuria Railway Company for that part of the Hsin-min-Mukden Line east of the Liao River shall be the real property of the aforesaid section and its earnings.

The security for the mercantile shares to be issued by the Kirin-Changchun Railway Administration as well as for the loan to be made from the South Manchuria Railway Company shall be the real property of the said Railway and its earnings.

So long as these loans are not repaid by the Chinese Government, the aforesaid property and earnings of the above-named lines shall not be pledged as security for any other loan.

During the periods of these loans the Chinese Government agrees that the buildings, machinery, rolling-stock, and road-bed of the section of the Hsin-min-Mukden Railway east of the Liao River and of the Kirin-Changchun Railway shall be kept in good condition, and furthermore that such additions will be made to the rolling-stock from time to time as may be required to satisfy demands of the traffic.

If the Kirin-Changchun Line should hereafter build branch lines or an extension, the construction of such lines shall rest of right with the Chinese Government, but, if there should be a lack of capital, application shall be made to the (South Manchuria Railway) Company for an arrangement. Should China, however, appropriate funds herself for the construction of any other railway lines than those mentioned, it shall not concern the South Manchuria Railway Company.

(*c*) The loans and the interest thereon are guaranteed by the Chinese Government, and should there be any failure to make payment of interest or repayment of principal at the proper periods, the Company shall at once notify the Chinese Government, which shall pay over to the Company the amount of the shortage. If the Chinese Government, after such notification by the Company, shall be unable to make good the deficit in the payments of principal or interest, the line in question with its real property shall be handed over to the temporary control of the Company until the shortage is made good, after which it shall be returned to the control of the Railway Administration.

If, however, the shortage be for a small amount only, an extension of time shall be granted as an accommodation, but never for more than three months.

(*d*) During the periods of these loans the Engineer-in-Chief employed shall be a Japanese, and should there be an insufficient supply of Chinese for the various posts in the service of the railways, Japanese may be employed with the Chinese. If at any time it shall become necessary to change the Engineer-in-Chief, consulation must first be had with the (South Manchuria Railway) Company before appointment may be made. There shall also be appointed one Japanese accountant, who must be thoroughly qualified, and who shall have entire responsibility for the arrangement and oversight of the various accounts of the railways, but in his supervision of receipts and expenditures he must consult and act with the Director General.

(*e*) The railways mentioned being Chinese Government lines, the latter shall have the right to transport soldiers and subsistence over either line free of charge whenever military affairs or measures of relief shall require.

(*f*) All earnings of the railways in question must be deposited in Japanese banks. As to the terms upon which such deposits shall be made, satisfactory arrangements shall be agreed upon by the parties concerned when the loan contracts are drawn up.

IV. The Chinese Government immediately after the purchase of the present Hsin-min-Mukden Railway shall enter into a contract with the South Manchuria Railway Company for the loan in connection with that section of the line east of the Liao River, and shall also appoint and direct a Chinese engineer to consult and act with the Japanese engineer in making a survey of the Kirin-Chang-chun Line to furnish a basis for estimating the amount of the loan needed for the construction of the line, and within six months after the completion (of the survey) shall enter into a contract with the South Manchuria Railway Company for the loan.

V. The lines from Hsin-min to Mukden and from Kirin to Changchun under the management of China must connect with the South Manchuria Railway line. The Tientsin-Shan-hai Kuang Railway Administration and the South Manchuria Railway Company shall appoint representatives to consult together and draw up the necessary regulations.

VI. The rate at which the loans specified in Articles I and II shall be issued shall be determined fairly in accordance with the terms of the most recent loan negotiated by China with any foreign country.

VII. Within one month after the payment of the purchase price of the Hsin-min-Mukden Railway, the Chinese Railway Administration shall appoint officers to take control of the same.

Japanese Calendar, Meiji XL Year, Fourth Moon, 15 Day.

Chinese Calendar, Kuanghsu XXXIII Year, Third Moon, 3 Day. (April 15, 1907.)

No. 16

JAPAN (South Manchuria Railway Company) AND CHINA

Agreement for the handing over by Japan of the Mukden-Hsinmint'un Railway, together with the rolling-stock and equipment.[1]—*May 27. 1907*

Chou Ch'ang-ling, Expectant Taotai, Second Grade Button, Director-General of the Railway Administration Inside and Outside Shanhaikwan, and

"Chiu-Pao-T'ien-Cheng-Chou," Director-General of the South Manchuria Railway,

having been duly empowered, have agreed upon the following articles relating to the handing over of the Mukden-Hsinmint'un Railway, together with locomotives, rolling-stock and materials.

The parties named, having assured each other of being fully empowered by their respective Governments, have drawn up an agreement, in accordance with the following articles, for the purpose of handing over to the Chinese Railway Administration the railway between Mukden and Hsinmint'un, together with all equipment in the neighborhood of the line, rolling-stock, and materials.

Two copies have been drawn up in Chinese and two in Japanese.

ARTICLE 1. The articles to be handed over to the Chinese Government are as stated in the attached list.

ART. 2. The date of handing over is fixed as the 40th year of Meiji, 6th month, 1st day, or the 33rd year of Kuanghsü, 4th moon, 21st day (June 1, 1907). All funds received, together with all matters relating to train traffic, will pass under the charge of the Chinese Railway Administration. Before the road is handed over they will remain under the charge of the South Manchuria Railway Company.

ART. 3. All officials and employees now belonging to the road will be temporarily borrowed of the South Manchuria Railway Company during a period of seven days, beginning from the date of the handing over of the road, until the Chinese Railway Administration can appoint substitutes

[1] MACMURRAY, vol. I, p. 632, translation from the Chinese text as printed in WANG, p. 131.

In connection with this agreement see also the Sino-Japanese conventions regarding the Hsinmin-Mukden and Kirin-Changchun Railways, April 15, 1907 (No. 15, *ante*); supplementary agreement for a loan for the Hsinmin-Mukden and Kirin-Changchun Railways, November 12, 1908 (No. 23, *post*); detailed agreement concerning the Hsinmin-Mukden Railway Loan, August 18, 1909 (No. 24, *post*).

therefor. Salaries and expenses during the said period of seven days will be defrayed by the South Manchuria Railway Company, in order to facilitate the handing over of the road, and as an expression of friendship.

ART. 4. A list of the names of the officials and employees on the road is now handed to the Chinese deputy. If the Chinese Railway Administration wishes to continue their services, the South Manchuria Railway Company will give heed to the wishes of the individuals.

ART. 5. After the road has been handed over, if not within the period for the alteration of the line, the matter of train traffic and the appointment of officers by each party will be taken up and settled, that cooperation may be facilitated.

ART. 6. Besides the articles to be handed over, referred to in Article 1, if not within the period for the alteration of the line, the materials collected for the repair of rolling-stock and rails will be given to the Chinese Railway Administration in accordance with a list drawn up by the South Manchuria Railway Company, to be handed over as they now stand.

ART. 7. Besides the articles referred to in the preceding article, if there should be any important articles required by the Chinese Railway Administration, they will be handed over at a just price, providing the South Manchuria Railway Company does not suffer inconvenience thereby.

ART. 8. Besides the rolling-stock and materials to be handed over, referred to in Article 1, if not within the period for the alteration of the line, such articles as are urgently needed by the Chinese Railway Administration will be loaned to it at a just rental, providing the South Manchuria Railway Company suffers no great inconvenience thereby.

ART. 9. If not within the period for the alteration of the line, coal and water required by the Chinese Railway Administration will be supplied at a just price, providing the South Manchuria Railway Company suffers no great inconvenience thereby.

ART. 10. After the road has been handed over, articles to be removed to the South Manchuria Railway Company, not included among those to be handed over, together with the caretakers thereof, will be transported from Hsinmint'un to the South Manchuria Railway by the Chinese Railway Administration free of charge. Officials and employees of the said company, together with their families and household effects, will receive similar treatment within a period of six months, at the expiration of which the right cannot be availed of.

ART. 11. Important matters which may arise in the future, in addition to those mentioned in these articles, will be taken up and settled by mutual conference.

Kuanghsü, 33rd year, 4th moon, 16th day:
Meiji, 40th year, 5th moon, 27th day:
(May 27th, 1907).

CHOU CH'ANG-LING,
Expectant Taotai, Second Grade Button, Director General of the Railway Administration Inside and Outside Shanhaikwan.

"CHIU-PAO-T'IEN-CHENG-CHOU,"
Director-General of the South Manchuria Railway.

No. 17

JAPAN AND CHINA

Agreement for the establishment of a maritime customs office at Dairen, and for inland waters steam navigation.[1]*—May 30, 1907*

The Governments of Japan and China having agreed to the establishment of an office of the Chinese Imperial Maritime Customs at Dairen, the undersigned duly authorized by their respective Governments hereby engage to accept for the general guidance of that office, and as a preliminary and provisional measure, the detailed understanding set forth in the documents hereto attached, viz.,

(A) Agreement about the establishment of a Maritime Customs Office at Dairen, and

(B) Inland Waters steam Navigation.

And it is further agreed that in the spring of next year after the experience of one season there shall be a reconsideration of the present arrangement in order to fuller accord with local conditions and needs and that for the documents now accepted there shall be substituted a revised agreement supplemented by an Ordinance, the former to be prepared by the Japanese Minister and the Inspector General of Customs and the latter by the Japanese Authorities of the leased territory in communication with the Commissioner of Customs at Dairen. And it is further understood that the Japanese Authorities will take steps to prevent smuggling from the leased territory into China and support the Chinese Authorities in the

[1] Official English text as printed in CUSTOMS, vol. ii, p. 740. Printed also in *Traités et Conventions*, p. 204; *For. Rel.*, 1907, p. 133, MACMURRAY, vol. I, p. 634.

The customs house at Dairen was opened on July 1, 1907. It is understood that no revision of this agreement has been made as contemplated.

Provisional customs regulations for the leased territory of Kwantung were enacted by an ordinance of the Government-General of Kwantung under date of June 26, 1907. For a translation from the Japanese text, embodying certain subsequent amendments, see MACMURRAY, vol. I, p. 638.

measures they adopt to prevent smuggling from China into the leased territory, and also that a suitable procedure shall be arranged for dealing with railway traffic at the Dairen terminus and the frontier station (Wa Fang Tien or other) and temporary regulations be made for collection of duties by the Customs.

(Signed) G. HAYASHI, (Seal.)
Minister of Japan.

(Signed) ROBERT HART, (Seal.)
Inspector General of Customs.

Signed and sealed at Peking the 30th May, 1907.

A

AGREEMENT ABOUT THE ESTABLISHMENT OF A MARITIME CUSTOMS OFFICE AT DAIREN

1. The Commissioner or the Chief of the Maritime Customs Office at Dairen is to be of Japanese nationality. The Inspector General of Customs will come to an understanding with the Japanese Legation at Peking in case of appointing a new Commissioner.

2. The members of the staff of the Maritime Customs Office at Dairen shall, as a rule, be of Japanese nationality; in case, however, of a suddenly occurring vacancy or of temporary requirements of the Service, members of other nationalities may be provisionally sent to Dairen.

3. The Inspector General of Maritime Customs will inform the Governor General of the leased territory beforehand about the change of the Commissioner of Customs at Dairen.

4. All correspondence between the Customs Office at Dairen and the Japanese authorities and Japanese merchants shall be conducted in the Japanese language. Should, however, merchants of other nationality come to reside at Dairen, they shall be at liberty to correspond in English or in Chinese.

5. On merchandise brought by sea to Dairen no Import Duty shall be levied. Import Duty according to existing Treaties shall be levied by the Maritime Customs Office on all merchandise or products passing the Japanese frontier of the leased territory into the interior of China. The Japanese authorities agree to take suitable measures to assist as far as it is possible in the prevention of merchandise passing the Japanese frontier when not provided with a Permit or Pass by the Maritime Customs Office.

6. When Chinese merchandise or products brought from the interior of China into the Japanese leased territory are shipped from Dairen to other places, they will pay the Export Duty according to existing Treaties. Produce

raised in, and merchandise manufactured from produce raised in or imported by sea into, the Japanese leased territory shall pay no Export Duty. The Duty to be paid by articles manufactured in the Japanese leased territory from materials brought there from the interior of China will be the same as at present paid by articles in similar circumstances in the German leased territory at Kiaochow.

7. Chinese merchandise or products brought from Chinese Treaty ports to Dairen shall pay no Duty as long as they remain inside Japanese territory; but if these Chinese merchandise or products pass the Japanese frontier into the interior of China, they shall pay according to existing Treaties.

8. Chinese merchandise shipped from Dairen, and having paid accordingly Export Duty, shall be provided with a receipt, on the producing of which it shall pay, on being landed at a Chinese Treaty port, a Coast Trade Duty according to existing Treaties.

9. For Japanese and other non-Chinese merchandise, on being shipped to Dairen from a Chinese Treaty port, the Import Duty paid at the latter port shall be refunded by Drawback according to treaty stipulations. On being imported to Dairen such merchandise shall pay no Duty, so long as it does not pass the Japanese frontier into the interior of China. On being re-exported from Dairen to other places outside China, such merchandise shall pay no Export Duty.

10. Chinese merchandise or products having been shipped from a Chinese Treaty port to Dairen and reshipped from there to places outside China shall on this occasion pay no Export Duty, in case that documentary evidence is produced of their having paid Export Duty at the Treaty port from which they came.

11. The Maritime Customs Office at Dairen shall take no part in the collection or administration of Tonnage Dues, Lighthouse Dues, or Port Dues.

12. The Customs Tariff in vigour in the Chinese Treaty ports shall be applied likewise by the Maritime Customs Office at Dairen.

13. The Japanese Government agree to set apart for the Maritime Customs Office sufficient space at Dairen for building offices, lodgings for the staff, with suitable room for garden, stables, and servants' quarters. The amount to be paid for the sale or lease of such ground is to be settled locally by mutual agreement.

14. The Chief of the Customs Office and the members of the staff shall be free from any obligation to act as jurors or assessors or from any other personal services.

15. The aforesaid Maritime Customs Office at Dairen shall be charged likewise exclusively with the granting and issuing of Transit Passes for merchandise going into the interior of China, as well as for merchandise

coming from the interior of China to Dairen; and this Office will be charged as well with all and every function, right, or capacity which appertain in the Treaty ports to the so-called Chinese Customs Taotai.

16. For the Transit Passes mentioned in Article 15 the Duty according to existing Treaties—i. e., half of the amount of the Export or Import Duties—shall be collected by the Maritime Customs Office at Dairen.

17. The procedure to be observed in case of frauds or contraventions committed by merchants against the Maritime Customs rules shall be settled hereafter by a separate Agreement, but it is understood in principle that all judicial procedure rests with the Japanese tribunals.

18. In view of the possibility that with the development of commercial activity in the Japanese leased territory new requirements may arise which are not to be foreseen, it is understood that the present Agreement bears a provisional character, and that both parties to it agree to introduce amendments as soon as required for the purpose of remedying inconveniences which may arise in the practical execution of this Agreement.

(Seal) G. HAYASHI,
Minister of Japan.

(Seal) ROBERT HART,
Inspector General of Customs.

Signed and sealed at Peking, the 30th May, 1907.

B

INLAND WATER STEAM NAVIGATION

1. The Chinese Maritime Customs having been formally authorised to function in Dairen are now empowered to issue inland steam navigation papers: steamers thus permitted to ply on the inland waters are to be guided generally by the rules and regulations of July and September 1898 and the additional rules of October 1903, but more especially by the regulations herebelow set forth.

2. Steamers about to ply in the inland waters are required to deposit their national papers, Foreign or Native, with the Customs, and will receive in exchange, on written application, the Inland Waters Certificate; such Certificates are valid for one year, and a fee of Tls. 10 is payable on first issue and Tls. 2 for each annual renewal. Tonnage Dues are payable once every four months.

3. Such certificated steamers may ply according to regulations (1) from Dairen to a place or places inland and back, and (2) from Dairen to a place inland, thence to a Treaty port, thence to a place inland, and thence back to Dairen. On making due report to the local Customs or Tax Office, and paying local Dues or Duties, they may land or ship cargo or passengers at

any recognised places of trade passed on the voyage, but they may not ply between inland places exclusively without special authority. If visiting another treaty port on any such inland voyage, the Customs at such port are to be duly reported to and all port regulations, national and native, complied with.

4. Whenever certificated steamers quit or return to Dairen, they are to clear from and report to the Dairen Customs, handing in Outward and Inward Manifests of cargo, reporting places to be called at or called at (*sic*), and paying the prescribed Duties. Opium and contraband goods are not to be carried inward or outward: if carried, the goods are confiscable and the vessel subject to a fine of $500, a second offence entailing withdrawal of Inland Water Certificate and privileges.

5. The Japanese authorities will assist the Dairen Customs to suppress smuggling—more especially the smuggling of Opium and contraband.

6. The transmission of Chinese closed mails between Dairen and inland ports shall be free of charge and the postal Administrations concerned will arrange a fitting procedure for the transmission of such Chinese closed mails through the Japanese leased territory from and to Chinese post offices outside that territory.

7. The application of the Inland Waters Steam Navigation understanding will be restricted to steamers which ply on inland waters not inside the area of the Japanese leased territory.

(Seal) G. HAYASHI,
Minister of Japan.

(Seal) ROBERT HART,
Inspector General of Customs.

Signed and sealed at Peking the 30th May, 1907.

No. 18

JAPAN AND RUSSIA

Provisional convention (with additional articles and protocol) concerning the junction of the Japanese and Russian Railways in Manchuria,[1] *—June 13, 1907*

The Imperial Government of Japan and the Imperial Government of Russia, having resolved to conclude a Convention concerning the connexion

[1] MACMURRAY, vol. I, p. 643, translations from French text as printed in *Traités et Conventions*, p. 577. French texts printed also in the Russian Yellow-Book, *Négociations entre la Russie et le Japon relatives à la Division de la Station de Kouan-tchen-tsy et à la Conclusion d'une Convention Provisoire concernant le Service de Raccordement des Chemins de Fer Russes et Japonais en Manchourie, 1906-07* (St. Petersburg, 1907); HERTSLET, 1199.

of the Japanese and Russian Railways in Manchuria, in conformity with the provisions of Article VIII of the Treaty of Peace signed at Portsmouth on September 5 (August 23, o.s.), 1905, the undersigned, Itchiro Motono, Docteur en Droit, Envoy Extraordinary and Minister Plenipotentiary of Japan, and le Maitre de la Cour Imperiale Alexandre Iswolsky, Minister of Foreign Affairs of Russia, being duly authorized for the purpose by their respective Governments, have mutually agreed upon the following articles, provisionally.

Regarding those provisions of this convention which concern the South Manchuria Railway Company on the one part and the Chinese Eastern Railway Company on the other, the two Governments engage mutually to take necessary measures to insure their prompt execution by the said Companies.

ARTICLE I. The junction of the sections of the two railways will be made at the boundary line of the Kuanchengtze station of the Chinese Eastern Railway. The South Manchuria Railway Company shall prolong its line with the gauge adopted by that Company from the Changchun station of the said Company to the limit of the Kuanchengtze station of the Chinese Eastern Railway, and the Chinese Eastern Railway shall construct a line of the same gauge in continuation of the prolongation of the Japanese line constructed by the South Manchuria Railway to the platform of the Russian Kuanchengtze station. The Chinese Eastern Railway shall construct in prolongation of its line, a railway of the gauge of 1 meter 524 (Russian gauge of 5 English feet) from the platform of the Russian Kuanchengtze station to the limit of that station, and the South Manchuria Railway Company shall construct a line of the same gauge in continuation of the prolongation of the Russian railway constructed by the Chinese Eastern Railway Company to the platform of the Japanese Changchun station.

The point of junction of the two sections of the Japanese and Russian railways and the plans of that junction shall be resolved upon in common accord between the two companies.

ART. II. The South Manchuria Railway Company as well as the Chinese Eastern Railway Company shall establish, besides the junction of their lines, direct communication for passengers and for merchandise, and also all the necessary installations, in order to effect in the shortest time and with the least expense possible, the transhipment of merchandise at the terminal stations, made necessary by the difference in the width of the gauges.

Each Company reserves the right to decide on the plans of construction within the limits of its own ground.

ART. III. Each Company assumes responsibility for all the undertakings mentioned in Articles I and II of the present convention, as incum-

bent on them respectively, and these undertakings shall be executed by the companies with the least possible delay and as far as possible simultaneously.

ART. IV. The maintenance of the tracks, of the installations for despatch and transhipment and all the other appurtenances upon the ground of each railway shall respectively be taken charge of by the companies.

ART. V. The traffic between the South Manchuria Railway and the Chinese Eastern Railway shall be established in conformity with the following conditions:

The passenger trains of the South Manchuria Railway, with the passengers, their baggage and other objects transported by those trains proceed on the Japanese track to the Russian station of Kuanchengtze, and the passenger trains of the Chinese Eastern Railway, with the passengers, their baggage and other objects transported by those trains proceed on the Russian track to the Japanese station of Changchun.

The trains of the South Manchuria Railway with freight for the Chinese Eastern line come on the Japanese track to the Russian station of Kuanchengtze, where the delivery and transhipment of the merchandise to the Russian Railway are effected, and the trains of the Chinese Eastern Railway with freight for the South Manchuria line come by the Russian track to the Japanese station of Changchun, where the delivery and transhipment of the merchandise to the Japanese Railway are effected.

ART. VI. The time schedule for the movement of trains, with a view to the connexion of the two railways, shall be arranged in common by the managements of the two Railway Companies.

ART. VII. The passenger fares and freight charges for traveling between the terminal stations shall be collected: those going from south to north, in conformity with the tariffs in force on the South Manchuria line, and those going from north to south, in conformity with the tariffs in force on the Chinese Eastern line.

The distribution of the fees collected for transport on the lines of the two Companies shall be made in accordance with an agreement to be concluded between the managements of the two Companies.

ART. VIII.—Each of the two companies enjoys the right gratuitously and reciprocally to make use of the connecting line and the installations attached to the service of transhipment belonging to the other.

ART. IX. The two railway Companies shall organize a train service mutually co-ordinated and sufficient to insure regular passenger and freight traffic, and establish regulations and provisions for the service of operation, all in conformity with the interests of that service.

ART. X.—All the provisions to be later adopted on the basis of the present Convention and concerning the train service, the transportation of passengers, the transhipment of merchandise, the signal service, etc., shall

be regulated by special arrangement between the two Companies, with due approval of the respective Governments. The mutual use of the means of transportation, the relations between employees of the two railways as well as the mode of fixing the joint quota due to each administration in the distribution of the receipts, shall be regulated subsequently by similar arrangements.

ART. XI. In all cases where the managements of the two railways cannot agree on points covered by the present Convention or in general upon all other points concerning their reciprocal relations mentioned in this agreement, the differences shall be regulated by the decision of the two respective Governments, arrived at in common after the exchange of views between them on the subject.

In proof whereof the Envoy Extraordinary and Minister Plenipotentiary of Japan and the Minister of Foreign Affairs of Russia have signed the present Provisional Convention and affixed their seals thereto.

Done at St. Petersburg in duplicate on the 13th day of the sixth month of the 40th year of Meiji corresponding to May 31 (June 13), 1907.

(Signed) I. MOTONO.
(Signed) ISWOLSKY.

ADDITIONAL ARTICLES

I.—The Imperial Russian Government and the Imperial Japanese Government, desiring to establish direct communications for passengers and freight upon the various Russian and Japanese railway lines, undertake to facilitate the conclusion of a special arrangement for this purpose as soon as possible.[1]

[1] On August 14, 1911, was concluded a supplementary convention for this purpose, of which the translation (from the French text printed in *Izviestia*, 1912, vol. ii, p. 43) is as follows:

Supplementary Convention concerning Railway Connections in Manchuria, August 14, 1911

"The Imperial Government of Japan and the Imperial Government of Russia, desiring to facilitate, in accordance with the provisions of Additional Article I annexed to the Provisional Convention concerning the connecting service of the Japanese and Russian Railways in Manchuria, signed at St. Petersburg, May 31/June 13, 1907, the direct shipment of goods between the two countries by the Japanese and Russian railways and steamships, have agreed upon the following:

"I.—The two Governments will authorize the railways and the navigation companies interested to make arrangements for the direct shipment of goods. These arrangements will have to be submitted for the approval of the two Governments before being put into force.

"II.—The two Governments agree to take, in case of necessity, all indispensable legislative measures for the putting into force of the said arrangements.

"In faith whereof the undersigned, duly authorized by their respective Governments, have signed this convention and set their seals thereto.

"Done at St. Petersburg, the 14th day of the 8th month of the forty-fourth year of Meiji, corresponding to August 1/14, 1911.

"(Sgd.) MOTONO. (Sgd.) NERATOW."

II.—The undersigned, Alexander Iswolsky, Minister for Foreign Affairs of Russia, and Itchiro Motono, Envoy Extraordinary and Minister Plenipotentiary of Japan, having come to an agreement for the adoption of Article 5 of the provisional convention for a connecting railway service, pending the construction of the Changchun-Kirin Railway, it is agreed between the two High Contracting Parties that when the said line shall have been built, the transfer of passengers coming from the north by the Chinese Eastern Railway, and proceeding in the direction either of Kirin or of Dairen, as also the transfer of passengers coming either by the Kirin line or by the South Manchurian line, and proceeding northwards, will take place at the Japanese station of Changchun. For this purpose, a special arrangement will be concluded later between the interested companies.

III.—With a view to bringing into operation the railway connection in Manchuria, without awaiting the completion of the work contemplated by the provisional convention signed this day, the South Manchuria Railway Company will construct a temporary station in proximity to the Russian station of Kuanchengtze, and the two companies will establish, each for its own part, the necessary arrangements for the transfer of passengers, packages, baggage and other objects transported by the passenger trains, and the transhipment of merchandise between the temporary Japanese station and the Russian station of Kuanchengtze.

Done at St. Petersburg in duplicate, May 31/June 13, 1907, corresponding to the 13th day of the 6th month of the 40th year of Meiji.

(Sgd.) Iswolsky. (L. S.) (Sgd.) I. Motono. (L. S.)

Protocol

At the moment of proceeding to the signature of the Provisional Convention for the connexion of the Japanese and Russian railways in Manchuria, the two High Contracting Parties, judging it useful to settle certain questions relative to the station of Kuanchengtze and to the coal mines of Shibelin and Taokiatun, the undersigned, Itchiro Motono, Docteur en Droit, Envoy Extraordinary and Minister Plenipotentiary of Japan, and le Maître de la Cour Imperiale, Alexandre Iswolsky, Minister of Foreign Affairs of Russia, have concluded the following:

Article I. It has been agreed between the two High Contracting Parties that in principle the station of Kuanchengtze and its appurtenances were the common property of Japan and Russia, but that, for the sake of practical convenience, the exclusive ownership of the said station and of its appurtenances shall remain with Russia and that for it the Russian Government

shall pay to the Japanese Government a sum of 560,393 rubles as compensation for the renunciation by Japan of her rights of co-ownership of the Kuanchengtze station and its appurtenances.

ART. II. The Russian Government shall turn over to the Japanese Government, with the briefest possible delay, after the signature of the Provisional Convention for the railway connexion, in their actual state, all the railways and all the objects belonging to these railways which are to the south of the point marked N. 2,223 in the plan here annexed, as well as the coal mines at Shibelin and Taokiatun with all their appurtenances. Immediately after the signing of the said Convention, the necessary instructions shall be sent by the two Governments of Japan and Russia to the South Manchuria Railway Company, on the one part, and, on the other part, to the Chinese Eastern Railway Company, to proceed to the transfer of the said railways and of everything belonging to these railways as well as the aforementioned coal mines.

ART. III. It is agreed between the two High Contracting Parties that the Japanese Government shall subsequently choose a site, where shall be constructed the Japanese station of Kuanchengtze and the town of Changchun.

In the event of the construction of the Kirin railway line, the Japanese Government shall exert itself to cause the construction by the railway company, outside the limits of the Changchun station, of grade crossings or viaducts at the points of crossing of the said line and the principal roads between the Russian station of Kuanchengtze and the town of Changchun.

ART. IV. The detailed regulations relative to the transhipment of the passengers and merchandise from one railway to the other, which should be concluded between the two railway companies, Japanese and Russian, shall be discussed and concluded between the companies interested, with the briefest possible delay, after the signing of the Provisional Convention for the railway connexion. As to the place and the date of the meeting of the Delegates respecting that subject, they shall be subsequently determined in the manner most agreeable to the two Parties.

ART. V. It is agreed between the two High Contracting Parties that the Convention signed under today's date shall be put in force immediately after the construction of the provisional Japanese station mentioned in Article 3 of the Additional Articles of the said Convention shall have been completed.

In testimony whereof, the Envoy Extraordinary and Minister Plenipotentiary of Japan and the Minister of Foreign Affairs of Russia have signed the present Protocol and affixed thereto their seals.

The 13th day of the 6th month of the 40th year of Meiji, corresponding to May 31/June 13, 1907.

(Signed) I. MOTONO.
(Signed) ISWOLSKY.

No. 19

RUSSIA AND CHINA

Experimental regulations for the establishment of customs houses in Northern Manchuria.[1]*—July 8, 1907*

I.—The Convention for the Land Trade Between Russia and China[2] provides that no duties shall be levied on the frontier of the two countries within the limit of a hundred *li* (33 miles); and the Chinese Eastern Railway Agreement provides that China must establish Customs Stations where the railway line crosses the frontier.[3]

Now, therefore, China agrees not to collect duty for the present upon goods shipped by railway to the stations within the hundred-*li* limit on the frontier.

II.[4]—Certain areas shall be fixed within which goods shipped by rail shall be required to pay but two-thirds of regular import duty.

At Harbin, the main station on the line, such ⅔ duty area shall extend to all points within a radius of ten Chinese *li* (3 miles) from the station. At the following more important places such area shall extend to a distance

[1] Translation, as printed in *For. Rel.*, 1907, p. 138, from the official Chinese text. Printed also in MACMURRAY, vol. I, p. 648.

In connection with these regulations, see also the memorandum of agreement concerning the provisional Sungari River trade regulations, etc., August 8, 1910 (MACMURRAY, *ibid.*, p. 807).

See Note 1 to this document, *post*, p. 115.

[2] See Note 2 to this document, *post*, p. 115.

[3] Agreement signed September 8, 1896 (No. 3, *ante*).

[4] With the text as printed in *For. Rel.*, 1907, p. 138, is given the following "Exposition of Article 2":

"Some controversy with regard to the interpretation of Article II. of the above agreement having occurred, the Chinese Board of Foreign Affairs at a later date officially communicated the following explanation of its understanding of that article to the Russian Minister in Peking, and received his acceptance of the same [on October 7, 1907].

"'Article II. of the Experimental Regulations agreed upon by China and Russia for the opening of Customs Houses in Northern Manchuria contains the following clause:

"'If, however, such goods are shipped out of the places above mentioned and the areas described, all other places being in inland territory, the full amount of the regular duty thereon must be made up, and the goods considered subject to inland trade regulations.'

"The meaning of this article is that all goods shipped out of the places mentioned and the areas described, will, (since all other places are considered to be within inland territory) be required to make up the full amount of the regular import duty by paying the ⅓ not previously collected. This additional ⅓ duty will take the place of a transit duty, and upon payment thereof a pass will be issued permitting the goods to be shipped to any point within the Three Eastern Provinces (Manchuria) under the inland trade regulations. Without such pass the goods will be subject to likin and other duties at all Customs barriers passed. Furthermore, if it is proposed to ship

of five *li* in each direction from the station; viz: Man-chu-li, Cha-lai-no-erh, Hai-la-erh, Cha-lan-t'un, Fu-lu-erh-chi, Tsitsi-ha-erh, A-shih-ho, I-mien-po, Hai-lin, Yieh-ho, Mu-lin, Chiao-chie-chan, Shuang-cheng-p'u, Lao-shao-kou, Yao-men, and K'uan-ch'eng-tzu. The two-thirds duty regulation shall be put into effect at all the above places, and within the area around each as stipulated, with the exception, however, of Man-chu-li and Chiao-chie-chan (on the Sui-fen River) both of which places are situated within the hundred-*li* duty free limit. In addition to the above, there shall be two-thirds duty areas extending to a distance of three *li* in each direction from all the smaller stations on the Eastern Railway.

If, however, such goods are shipped out of the places above mentioned and the areas described, all other places being in inland territory, the full amount of the regular duty thereon must be made up, and the goods considered subject to inland trade regulations.

III.—This reduction of one-third of the regular import duty on goods shipped by railway, is made by special agreement between China and Russia. China agrees, however, that not only Russian but all foreign merchandise shipped to China over the Eastern Railway, is equally affected.

Russia, on her part, agrees that all duty collected on goods which are not exempt from duty by the terms of the Russo-Chinese Land Trade Convention, shall be levied according to the new Customs tariff, one-third of the regular amount being deducted.

IV.—These Articles of Agreement shall serve in a general way for experimental regulations for North Manchurian Customs-houses. If it shall become necessary to make any additions or alterations therein, or if any corrections shall be found necessary in order that the regulations shall be in harmony with Chinese Customs procedure, such changes may be considered and decided upon by both parties to this agreement after one year.

As to detailed regulations for Customs Houses, the mapping of the different areas, and the locating of small stations, these matters shall be discussed and decided as soon as possible by representatives of the two countries.[1]

these goods upon which the full import duty has been paid, from the Three Eastern Provinces into China proper, then a further half-duty will be collected thereon in accordance with the regular Customs tariff, this being the transit duty for China proper. Upon payment of this duty a pass will be issued exempting the goods from further duty, but without such pass likin and other duties will be collected at all Customs barriers passed.

"And in addition it is clearly understood that this plan as explained is experimental, even as the Regulations themselves, and if any additions or alterations are found necessary, a consideration of the matter shall be held by both parties to this agreement one year hence."

[1] Provisional regulations for the working of the Chinese custom houses at the Stations Manchuria and Pogranichnaya (Suifenho) were subsequently agreed upon and published by a notification of the Commissioner of Customs at Harbin on May 30, 1908. See MacMurray, vol. I, p. 651.

Note 1

In *Soglashenia,* p. 85, are printed a Russian translation of the note from Prince Ch'ing to the Russian Minister at Peking, under date of June 23/July 6, 1907, proposing these regulations, and the reply of the Russian Minister, under date of June 25/July 8, 1907, accepting them; and there is also printed a further exchange of notes, of which the purport is indicated by the following translation of the note addressed by Prince Ch'ing to the Russian Minister under date of July 2/15, 1907:

"On July 25/July 8 last, I had the honor to receive your communication in which you said: 'On this day I had the honor to inform you, Honorable Prince and Dignitaries, that the Imperial Russian Government had expressed its consent to the establishment of Chinese customs houses at the terminal points of the Chinese Eastern Railway, on the basis of rules adopted for the period of one year. I now deem it my duty to state to you that the Imperial Russian Government is seriously solicitous that any special privileges which may in future be granted to goods conveyed into Manchuria through the port of Dalny (Dairen) should be extended to goods brought into Manchuria over the land frontier. Therefore all privileges granted to goods brought through the port of Dalny, and not provided for in the treaties on maritime trade or the agreement for the construction of the South Manchurian Branch, shall be granted also to the goods introduced into Manchuria over the railroad via frontier points. I deem it my duty to communicate the foregoing to you, Honorable Prince and Dignitaries, in compliance with instructions from my Government.'

"In connection with the foregoing communication the ministry under my charge deems it its duty to inform your Excellency that it has taken careful note of the contents thereof and has taken the matter under advisement."

Note 2

The reference is to the regulations for trade by land, annexed to the St. Petersburg treaty of February 12/24, 1881, between Russia and China (for which see CUSTOMS, vol. 1, p. 188, or HERTSLET, p. 483), Article 1 of which provided for a duty-free zone of fifty Russian versts, one hundred Chinese *li,* or approximately thirty-three miles) on either side of the frontier. These zones were subsequently abolished. See, in this connection, the following translation (from the Russian text as printed in *Izviestia,* 1912, vol. vi, p. 74) of a note addressed by the Russian Minister at Peking to the Wai Chiao Pu under date of August 24/September 6, 1912:

Abolition of 50-verst duty-free frontier Zone.—September 6, 1912

"On October 25/November 7, last year the Imperial Russian Government handed to the Chinese delegate its counter-proposals for the revision of the St. Petersburg treaty of 1881, which up to the present still remain without answer. The repeated reminders of the Imperial Government as to the necessity, in the interests of the trade of both countries, of coming to a conclusion of the negotiations already commenced for the revision of the said treaty, have not led either to the receipt of the consent of the Chinese Government to the Russian counter-proposals or to any other new proposals regarding the question. The attempt of the Imperial Government to come to an agreement with the Chinese Government regarding the date up to which the St. Petersburg treaty should be left in force has likewise remained without result.

"Such a situation reacts in the most injurious manner on the Russo-Chinese overland trade which, having a biennial or even triennial turnover, has need of settled procedure more than any other trade. The continued uncertainty as to how long the existing system of trade relations on the frontier of Russia and China will last, evokes just complaints from all sides.

"In view of the above, having come to the conclusion that the Chinese Government is either unable or unwilling to negotiate a revision of the St. Petersburg treaty, and considering that the Chinese Government has not availed itself of the right to a revision of trade regulations conveyed under Article 15 of the said treaty, the Imperial Russian Government, desirous of establishing a sound system for Russo-Chinese over-

land trade, hereby declares that it is compelled to consider the St. Petersburg treaty of 1881 as remaining in force for a further period of ten years, *i.e.* to 7/20 August, 1921, in conformity with the stipulations contained in Article 15 of the treaty.

"Of the proposals communicated by the Chinese delegate in August last year, the Imperial Government has taken note of the desire of the Chinese Government to abrogate the special privilege of duty-free trade in the fifty-verst zone on each side of the land frontier between Russia and China. The Imperial Government recognizes that under the present conditions when along the land frontier a series of populated districts has grown up, the existence of a fifty-verst free zone, established at a time when the frontier was uninhabited, has become in many places abnormal. This is confirmed by the series of difficulties which have arisen latterly as to the true meaning of the privileges connected with the existence of this zone.

"Desiring to meet the above mentioned wish of the Chinese Government, expressed through its delegate for the revision of the St. Petersburg treaty, and recognizing the inconvenience of leaving the question of the fifty-verst privileged zone without decision for ten years, the Imperial Russian Government hereby informs the Chinese Government that the privileged zone on the Russian side of the land frontier between Russia and China will be abolished from 1/14 January, 1913.

"It goes without saying that the Imperial Government will not object to the simultaneous abolishment of the privileged fifty-verst zone on the Chinese side of the frontier."

No. 20

JAPAN AND RUSSIA

Political Convention.[1]*—July 30, 1907*

The Government of his Majesty the Emperor of Japan and the Government of his Majesty the Emperor of All the Russias, desiring to consolidate the relations of peace and good neighbourhood which have happily been re-established between Japan and Russia, and wishing to remove for the future every cause of misunderstanding in the relations of the two Empires, have agreed upon the following provisions:

ARTICLE I. Each of the High Contracting Parties engages to respect the actual territorial integrity of the other, and all the rights accruing to one and the other Party from the treaties, conventions and contracts in force between them and China, copies of which have been exchanged between the Contracting Parties (in so far as these rights are not incompatible with the principle of equal opportunity), from the treaty signed at Portsmouth on the 5th of September (23rd of August), 1905,[2] as well as from the special conventions concluded between Japan and Russia.

[1] MACMURRAY, vol. I, p. 657, translation from the French text as printed in *Traités et Conventions*, p. 60. French text printed also in the Russian Yellow-Book, *Documents relatifs à la Conclusion entre la Russie et le Japon de la Convention politique du 17/30 juillet, 1907* (St. Petersburg, 1907); HERTSLET, p. 619; *Am. Journal Int. Law*, Supplement, 1907, p. 396 (French text and translation).

See also the Russo-Japanese conventions of July 4, 1910 (No. 30, *post*), and of July 3, 1916 (No. 38, *post*).

[2] No. 12, *ante*.

ART. II. The two High Contracting Parties recognise the independence and the territorial integrity of the Empire of China and the principle of equal opportunity in whatever concerns the commerce and industry of all nations in that empire, and engage to sustain and defend the maintenance of the *status quo* and respect for this principle by all the pacific means within their reach.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed this Convention and have affixed their seals.

Done at St. Petersburg, the 30th day of the 7th month of the 40th year of Meiji, corresponding to the 30th (17th) of July, 1907.

(Signed) I. MOTONO.
(Signed) ISWOLSKY.

No. 21

CHINA

Experimental regulations for the collection of duty on native and foreign goods shipped to the new ports in Manchuria.[1]*—November 19, 1907*

I.—All foreign goods which have paid the regular import duty at Tientsin, New-chwang, Antung, or Dalny, as well as all native goods which have paid the coast-trade half-duty (except such as may be sent into the interior either under transit pass or by paying likin, as may still be done at the discretion of the owner and under the old regulations) and which are intended for transhipment to any of the newly opened ports in Manchuria, will be given a special certificate exempting them from the payment of further duty, and this is irrespective of how such goods are to be transhipped to their destination. This special certificate will be stamped in accordance with regulations, and will be good for two months only.

Whenever such certificates are applied for, a signed declaration must be presented showing to what port the goods are consigned, and stating that in case evidence of the arrival of the goods in the port mentioned is not forthcoming within the two months limit, the applicant will be willing to forfeit three times the amount of the half-duty. In order to avoid the trouble of

[1] MACMURRAY, vol. I, p. 683; translation, as printed in *For. Rel.*, 1908, p. 127, from Chinese text.

In connection with these regulations, see the additional agreement between Japan and China, December 22, 1905 (No. 13, *ante*), particularly Article 1.

preparing a guarantee on each occasion, however, it will be permissible to draw up a bond of a similar nature which will hold for a year, and to deposit the same in the Customs-house. Such bond, if presented by a foreigner, must be sealed by a consular officer, and if presented by a Chinese, must be sealed by the Commissioner of Customs. If a yearly bond is not furnished, then a signed declaration made for each shipment will suffice. The forms for these bonds and declarations shall be determined upon by the Imperial Maritime Customs.

II.—In all cases where goods are shipped to the newly opened ports under special certificate, such goods must correspond exactly with the declaration.

In case of any discrepancy or of the shipment of any goods not on the declaration, not only will the Customs-house where such declaration was made collect a fine amounting to three times the half-duty levied upon the entire shipment, but the goods which have been shipped to the newly opened port will there be confiscated.

No. 22

JAPAN AND CHINA

Agreement for a Chinese-Japanese joint stock lumber company for the exploitation of the Yalu timber.[1]*—May 14, 1908*

NATUNG, a Minister of the Chinese Wai-wu, and Baron GONSUKE HAYASHI, Minister Plenipotentiary of Japan, being duly authorised thereto by their respective Governments, have drawn up Regulations for a joint Chinese and Japanese Timber Company, as provided for in Article X of the Supplementary Manchurian Agreement of 1905,[2] as follows:

ARTICLE I.—An area shall be marked out on the right bank of the Yalu, extending from Maoerhshan to Erhshihszetaokou and measuring 60 *li* inland from the main stream. (A delegate shall be appointed by the Fengtien province to define the area and put up boundary marks conjointly with a Japanese delegate.) The gathering of timber within the area will be carried on with the joint capital and under the joint management of China and Japan. As a beginning, both countries shall appoint officers who shall open offices and commence work. At the end of a year, when all arrangements have been completed and agreed on, the two countries shall invite their merchants to take up the enterprise.

[1] Translation as printed in CUSTOMS, vol. II, p. 760, from the Chinese text. Printed also in MACMURRAY, vol. I, p. 731.

[2] No. 13, *ante*.

ART. II. The joint Chinese and Japanese Timber Company shall be styled the Yalu River Timber Company.

ART. III. The capital of the Company shall be $3,000,000, of which China and Japan shall each contribute half.

ART. IV. The head office of the Company shall be established at Antung, and the Company, upon report to the Superintendent, shall open branch offices wherever they are deemed necessary.

ART. V. The Company shall protect the existing Chinese timber-cutting industry. Except the area to be marked out in accordance with Article I and in which the Company shall cut timber, all places beyond its boundaries, as well as the forests of the Hun River, shall continue as before to be worked by Chinese wood-cutters. These shall apply to the Company for loans wherewith to carry on their industry, and all timber cut by them—with the exception of sleepers for the railway companies in Kiangsu and Chekiang provinces, and timber for the use of the inhabitants along the river, which shall be purchased direct from the said wood-cutters—shall be sold exclusively to the Company. In the disposal of timber, the Company shall sell at market prices, and shall not create a monopoly.

ART. VI. When the Chinese Government, or Government offices, purchase under *huchao* timber which has either been felled by the Company or bought from wood-cutters, the Company shall sell at cost price.

ART. VII. The Company shall be allowed to carry on their business for a term of 25 years, on the expiration of which, if the Chinese Government shall be satisfied with the working of the Company, a petition may be sent to the Chinese Government for an extension of the term.

ART. VIII. The Company shall have one Superintendent who shall be the Taotai of the Eastern Circuit, appointed by the Governor of Fengtien; and two Managers, one Chinese and one Japanese, whose appointments shall be made by their respective countries. Other assistants, skilled employés, etc., shall be appointed by joint selection and consent of the managers. The managers shall not employ persons of other nationalities in connexion with wood-cutting in the assigned area without the approval of the Superintendent.

ART. IX. The Company shall, at the end of each year, prepare a report on the year's business and a statement of receipts and expenditure, to be submitted to the proper authorities of the two countries.

ART. X. After the expenditure of the Company shall have been deducted from the receipts, five per cent. of the net profit shall be appropriated to the Chinese Government, and the remainder shall be distributed among the shareholders of the two countries. The disbursements of the Company shall be under due control, and periodical estimates of salaries and other expenditure shall be submitted to the Superintendent for his approval.

ART. XI.[1] Within one month after the conclusion of this Agreement, the Governor of Fengtien and the Japanese Consul-General at Fengtien shall each appoint a delegate to draw up detailed regulations for the management of the Company, which, when agreed upon, shall become the regulations of the Company; and within three months thereafter the Company shall commence business. For new rules subsequently enacted by the Company the Superintendent's approval will be necessary.

ART. XII. As to the duties payable by the Company on timber when the discussion of the detailed regulations takes place at Fengtien (Moukden), the delegates of the two countries shall inquire into the established rates of timber taxes and shall negotiate with the local authorities with a view to a reduction of such taxes. The machinery and the implements necessary for wood-cutting imported by the Company shall be exempted from duty and likin.

ART. XIII. After the inauguration of the Company the Japanese Government shall effect the removal of the timber sheds now in existence on the Yalu.

Peking:

15th day, 4th moon, 34th year of Kuang Hsü:

14th day, 5th moon, 41st year of Meiji.

No. 23

JAPAN AND CHINA

Supplementary agreement for a loan for the Hsinmint'un-Mukden and Kirin-Ch'angch'un railways.[2]*—November 12, 1908*

According to Article 4 of the Hsin-Feng (i.e., Hsinmin-Mukden) and Chi-Ch'ang (i.e., Kirin-Changchun) Railway agreement between the two Governments of Japan and China, dated Meiji, 40th year, 4th month, 15th

[1] See the regulations for the Sino-Japanese Yalu Timber Company agreed upon September 11, 1908, in pursuance of the provisions of this article, MACMURRAY, vol. I, p. 733.

[2] Translation from the Chinese text, as printed in *For. Rel.*, 1908, p. 207. Printed also (in Chinese and Japanese texts) in WANG, p. 149, and (in translation) in *F. E. Review*, vol. 11, p. 391, and MACMURRAY, vol. I, p. 767.

In connection with this supplementary agreement see also the convention regarding the Hsinmin-Mukden and Kirin-Ch'angch'un railways, April 15, 1907 (No. 15, *ante*); agreement for the handing over of the Hsinmin-Mukden Railway, May 27, 1907 (No. 16, *ante*); detailed agreements concerning the Hsinmin-Mukden and Kirin-Ch'angch'un railway loans, August 18, 1909 (Nos. 24 and 25, *post*); also, with particular reference to the Kirin-Ch'angch'un Railway, see Article 6 of the agreement relating to Chientao, September 4, 1909 (No. 28, *post*), and Article 7 of the Sino-Japanese treaty respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *post*).

day/Kuangshü 33rd year, 3rd month, 3rd day (April 15, 1907), it was agreed that, before settling the loan contract for the said railways, the two Governments should draw up a supplementary agreement regarding matters not settled in the original agreement.

Now the two officials designated below have concluded the following agreement:

ARTICLE I. It is agreed by Articles 1 and 2 of the Hsin-Fang and Chi-Ch'ang Railway agreement between the Governments of Japan and China (hereafter to be called the "Agreement") that half of the capital needed for that portion of the Ching-Feng (i. e., Peking-Mukden) Railway lying east of the Liao River amounting to Yen 320,000, and half of the capital needed for the Chi-Ch'ang Railway amounting to Yen 2,150,000 should be borrowed from the South Manchuria Railway Company.

ART. II. The interest on this loan shall be at the rate of five per cent per annum.

ART. III. The actual rate at which the loan shall be realized shall be 93 for every 100 as agreed upon in Article 6 of the "Agreement."

ART. IV. It is stipulated in Article 3 of the "Agreement" that during the term of the loan, the Chinese Government shall employ a Japanese engineer-in-chief for that portion of the Ching-Feng Railway which lies east of the Liao River. For the present the Japanese engineers now in the employ of the Ching-Feng Railway may continue to act and as at present will continue to be under the control of the director and engineer-in-chief of the Ching-Feng Railway. If, in future, changes are made in the engineering staff, as provided in the "Agreement," application shall be made to the South Manchuria Railway which will make appointments after full consultation. The status of these engineers shall be as stated above.

ART. V. Since it is difficult for the Chinese Government to keep separate accounts for that portion of the Ching-Feng Railway which lies east of the Liao River, the Japanese Government consents that no Japanese accountants shall be specially appointed, and the Japanese Government consents that the Chinese Government shall set aside monthly a sum calculated to be sufficient for the monthly payment of capital and interest on the amount of the loan for the said section of railway. This sum shall be deposited on the first day of every month in some Japanese Bank in China, designated by the South Manchuria Railway Company. This deposit shall be regarded as a sinking fund for the redemption of the capital and interest of the loan when due. The manner of making the payments of the capital and interest of the loan when due, and the interest which shall be allowed by the bank on the sums deposited shall be decided when the detailed loan contract is drawn up. The Chinese Government also consents that the monthly balance sheets for the whole Ching-Feng Railway Line and the

annual exact statement of accounts in English shall be sent monthly and annually to the South Manchuria Railway Company for inspection.

ART. VI. The engineer-in-chief and the accountants of the Chi-Ch'ang Railway should all be Japanese as provided in Article 3 of the "Agreement." The method of appointment shall be as follows: The Chinese Government will select a well trained and capable engineer-in-chief and appoint him, after full consultation with the South Manchuria Railway Company. The accountants shall be selected by the South Manchuria Railway Company, and after consultation with the Chinese Government the Chinese Government shall appoint them. If in future it shall be necessary to change the engineer-in-chief or accountants, there must be consultation with the South Manchuria Railway Company according to the "Agreement," and the appointments must be made as arranged above.

ART. VII. The special loan contract must conform to the stipulations of the "Agreement" and of this "Supplementary Agreement." It will be drawn up between the South Manchuria Railway Company and an official appointed by the Board of Posts and Communications.

This supplementary agreement will be in force when ratified by the two Governments.

No. 24

JAPAN (South Manchuria Railway Company) AND CHINA

Detailed agreement for the Hsinmint'un-Mukden Railway loan.[1]—*August 18, 1909*

The deputy, named below, of the Chinese Board of Posts and Communications (hereinafter called the Board of Posts and Communications) and the deputy, named below, of the South Manchuria Railway Joint Stock Company (hereinafter called the Company), acting in accordance with the Hsinmintun-Mukden and Kirin-Changchun Railway agreements between the Chinese and Japanese Governments of the 33rd year of Kuanghsü, 3rd moon, 3rd day, or the 40th year of Meiji, 4th month, 15th day (April 15, 1907), and also in accordance with the supplementary agreement of the 34th year of Kuanghsü, 10th moon, 19th day, or the 41st year of Meiji, 11th month, 12th day (November 12, 1908) (hereinafter called the Supplementary Agreement), have drawn up the following agreement providing for

[1] MACMURRAY, vol. I, p. 782, translation from the Chinese text as printed in WANG, p. 137.

In connection with this agreement see also the convention regarding the Hsinmin-Mukden and Kirin-Changchun railways, April 15, 1907 (No. 15, *ante*); the agreement for the handing over by Japan of the Hsinmin-Mukden Railway, May 27, 1907 (No. 16, *ante*); the supplementary agreement for a loan for the Hsinmin-Mukden and Kirin-Ch'angch'un railways, November 12, 1908 (No. 23, *ante*).

a loan for that part of the Hsinmint-un-Mukden Railway lying east of the Liao River.

ARTICLE 1.—In accordance with Article 1 of the Supplementary Agreement, the Company agrees to make a loan of half the amount required for the construction of that part of the Hsinmint'un-Mukden Railway lying east of the Liao River, namely yen 320,000, Japanese currency, at a discount of 93, to be handed over at Tokyo to the Chinese Minister to Japan, the Chinese Minister there to hand over to the Company a certificate as per Form A attached to this agreement.

ART. 2. After this agreement has been drawn up, within one month after a note is addressed thereon to the Japanese Minister at Peking, the loan fixed as above will be paid in full in one instalment on the date fixed by the Chinese Government. The date for the receiving of the loan by the Chinese Government will be notified to the Company ten days before the loan is paid.

ART. 3. The loan will be for a term of eighteen years, and will be repaid in thirty-six equal instalments, beginning from the date when the loan is paid to China, every half year (Gregorian Calendar), in accordance with the attached amortization table. Interest on that part of the capital which is repaid will cease on the date of payment.

ART. 4. Interest will be reckoned from the date of the payment of the loan to China, and will be payable once every half year (Gregorian Calendar) in accordance with the attached table.

ART. 5. The Director General of the Peking-Mukden Line will turn over the capital and interest, as payment thereof falls due, to the Company at Dairen or Tokyo, as convenient to the Chinese Government. The Company will then deliver to the Director General of the Peking-Mukden Line certificates as per Forms B and C attached to this agreement, in accordance with the amount of capital and interest paid, as per the attached amortization and interest tables.

ART. 6. In accordance with Article 5 of the Supplementary Agreement, the capital and interest due annually will be reduced to Hang P'ing Hua Pao Taels due each month, and deposited at the Tientsin branch of the Yokohama Specie Bank.

Interest on the deposits referred to in the preceding paragraph will be paid to the Peking-Mukden Line by the Tientsin branch of the said bank in accordance with the current advertised rate of interest.

The matters referred to in the preceding two paragraphs will be carried on during the life of the said bank.

If the life of the said bank should expire and should be extended, the same procedure will continue to be followed.

If the life of the said bank should not be extended, the Company will then indicate another bank, and the same procedure will be continued.

ART. 7. All matters in this agreement pertaining to the payment of capital and interest, which may not have been clearly stated, may be discussed and settled by the Chinese Railway Administration (hereinafter called the Administration) and the Company, as occasion therefor arises.

ART. 8. This agreement must be approved by the Governments of the two nations, after which it will be put into effect.

ART. 9. After the agreement has been signed and sealed, the Director General of the Administration will refer it by memorial to the Throne, and the edict of the Throne will be communicated by a note from the Chinese Board of Foreign Affairs to the Japanese Minister at Peking.

ART. 10. This agreement will become invalid after the principal and interest have been paid in full.

ART. 11. The original copies of this agreement will be drawn up in quadruplicate, in Chinese and Japanese, and one copy be given to each of the following: the Chinese Board of Foreign Affairs, the Administration, the Japanese Minister at Peking, and the Company.

ART. 12. Should there be a disagreement in regard to the interpretation of the terms of this agreement, the Administration and the Company will each choose a person from outside as arbitrator. If the arbitrators can not come to a decision, they will then both choose a person from outside to be chief arbitrator. If the two arbitrators can not agree in their choice, then each will choose one person, one of whom will be confirmed by lot. Among these men the decision of the majority will rule, and each side must abide thereby without further question.

The 1st year of Hsüan T'ung, 7th moon, 3rd day:
The 42nd year of Meiji, 8th month, 18th day:
(August 18, 1909.)

(Signed and sealed) LU TSU-HUA,
Expectant Prefect, Wearer of the Peacock Feather, Deputy of the Board of Posts and Communications.

(Signed and sealed) .....
The Director-General of the South Manchuria Railway Joint Stock Company.

Attached herewith:[1]
Certificate Forms A, B, and C;
Interest and Amortization Tables.

[1] Not printed.

No. 25

JAPAN (South Manchuria Railway Company) AND CHINA

Detailed agreement for the Kirin-Changchun Railway loan.[1]*—August 18, 1909*

The deputy, named below, of the Chinese Board of Posts and Communications (hereinafter called the Board of Posts and Communications) and the deputy, named below, of the South Manchuria Railway Joint Stock Company (hereinafter called the Company), acting in accordance with the Hsinmintun-Mukden and Kirin-Changchun Railway agreements between the Chinese and Japanese Governments of the 33rd year of Kuanghsü, 3rd moon, 3rd day, or the 40th year of Meiji, 4th month, 15th day (April 15, 1907), and also in accordance with the Supplementary Agreement of the 34th year of Kuanghsü, 10th moon, 19th day, or the 41st year of Meiji, 11th month, 12th day (November 12, 1908) (hereinafter called the Supplementary Agreement), have drawn up the following agreement providing for a loan for the Kirin-Changchun Railway.

ARTICLE 1.—In Accordance with Article 1 of the Supplementary Agreement, the Company agrees to make a loan of half the amount required for the construction of the Kirin-Changchun Railway, namely yen 2,150,000, Japanese currency, at a discount of 93, to be handed over at Tokyo to the Chinese Minister to Japan, the Chinese Minister there to hand over to the Company a certificate as per Form A attached to this agreement.

ART. 2. After this agreement has been drawn up, within one month after a note is addressed thereon to the Japanese Minister at Peking, the loan fixed as above will be paid in full in one instalment on the date fixed by the Chinese Government. The date for the receiving of the loan by the Chinese Government will be notified to the Company ten days before the loan is paid.

ART. 3. The loan will be for a term of twenty-five years, reckoning from the date when payment is made to China. Beginning from the sixth year it will be repaid in forty equal instalments once every half year (Gregorian Calendar), in accordance with the attached amortization table.

[1] MACMURRAY, vol. I, p. 785, translation from the Chinese text as printed in WANG, p. 155.

In connection with this agreement see also the Convention regarding the Hsinmin-Mukden and Kirin-Changchun railways, April 15, 1907 (No. 15, *ante*); supplementary agreement for a loan for the Hsinmin-Mukden and Kirin Changchun railways, November 12, 1908 (No. 23, *ante*); Article 6 of the agreement relating to Chientao, September 4, 1909 (No. 28, *post*); Article 7 of the Sino-Japanese treaty respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *post*); and the Kirin-Ch'angch'un Railway loan agreement of October 12, 1917 (No. 41, *post*).

Interest on that part of the capital which is repaid will cease on the date of repayment.

ART. 4. Interest will be reckoned from the date of the payment of the loan to China, and will be payable once every half year (Gregorian Calendar) in accordance with the attached table.

ART. 5. The Director General of the Railway Administration of the Chinese Board of Posts and Communications (hereinafter called the Administration) or the Director General of the Kirin-Changchun Railway will turn over the capital and interest, as payment thereof falls due, to the Company at Dairen or Tokyo, as convenient to the Chinese Government. The Company will then deliver to the Director General of the Kirin-Changchun Railway certificates as per Forms B and C attached to this Agreement, in accordance with the amount of capital and interest paid, as per the attached amortization and interest tables.

ART. 6. The traffic receipts of the Kirin-Changchun Railway will be deposited at the branches or suboffices of the Yokohama Specie Bank, either at Changchun or at Kirin. If, however, such receipts should be in a currency ordinarily not accepted by the branches or suboffices of the said bank, they will not be deposited therein. It follows from this that the Company and the said bank can not, in accordance with paragraph (*f*) of Article 3 of the Convention,[1] require the Kirin-Changchun Railway Administration to make up the equivalent of such currency which, as stated above, is not ordinarily accepted by the branches or suboffices of the said bank, to be converted at the current rate and deposited at the said bank.

Of the funds deposited, to which reference is made in the preceding paragraph, if a surplus remains after the Kirin-Changchun Railway has made disbursements therefrom, then it will be kept on deposit up to the amount of six months' interest on the loan. Any surplus thereafter will be subject to the disposition of the Director General of the Administration, who may instruct the Director General of the Kirin-Changchun Railway to apply it to the use of the Chinese Government.

Interest will be paid by the bank on the deposits referred to above in the first paragraph, in accordance with the current rate of interest advertised by the branch banks or suboffices.

The matters referred to in the three preceding paragraphs will be carried on during the life of the said bank.

If the life of the said bank should expire and should be extended, the same procedure will continue to be followed.

If the life of the said bank should not be extended, the Company will then indicate another bank, and the same procedure will be continued.

[1] *i. e.*, the convention of April 15, 1907, referred to above.

ART. 7. All matters in this agreement pertaining to the payment of capital and interest, which may not have been clearly stated, may be discussed and settled by the Chinese Railway Administration and the Company, as occasion therefor arises.

ART. 8. This Agreement must be approved by the Governments of the two nations, after which it will be put into effect.

ART. 9. After this agreement has been signed and sealed, the Director General of the Administration will refer it by memorial to the Throne, and the edict of the Throne will be communicated by a note from the Chinese Board of Foreign Affairs to the Japanese Minister at Peking.

ART. 10. This agreement will become invalid after the principal and interest have been paid in full.

ART. 11. The original copies of this agreement will be drawn up in quadruplicate, in Chinese and Japanese, and one copy be given to each of the following: the Chinese Board of Foreign Affairs, the Administration, the Japanese Minister at Peking, and the Company.

ART. 12. Should there be a disagreement in regard to the interpretation of the terms of this agreement, the Administration and the Company will each choose a person from outside as arbitrator. If the arbitrators can not come to a decision, they will then both choose a person from outside to be chief arbitrator. If the two arbitrators can not agree in their choice, then each will choose one person, one of whom will be confirmed by lot. Among these men the decision of the majority will rule, and each side must abide thereby without further question.

The 1st year of Hsüan T'ung, 7th moon, 3rd day:
The 42nd year of Meiji, 8th month, 18th day:
(August 18th, 1909.)

(Signed and sealed) LU TSU-HUA,
Expectant Prefect, Wearer of the Peacock Feather.
Deputy of the Board of Posts and Communications.

(Signed and Sealed) .....
The Director-General of the South Manchuria Railway Joint Stock Company.

Attached herewith: [1]
Certificate Forms A, B, and C;
Interest and Amortization Tables.

[1] Not printed.

No. 26

JAPAN AND CHINA

Memorandum concerning the reconstruction of the Antung-Mukden Railway.[1]*—August 19, 1909*

The Imperial Japanese Consul General at Mukden, Mr. Koike, and the Viceroy of the Three Eastern Provinces, Hsi Liang, and the Chinese Governor of Mukden, Cheng, in accordance with the orders of their respective Governments, have agreed upon the following in reference to the Antung-Mukden Railway:

1.—The same gauge as that of the Peking-Mukden Railway shall be adopted.

2.—Both Japan and China shall recognize and approve, on the whole, the line as already surveyed and agreed to by the commissioners of the two Governments, but the location of that portion of the line from Chen-hsiang-tun to Mukden shall remain to be decided by mutual conference between the two countries.

3.—On and from the date when the memorandum is signed, negotiations for the purchase of land and for the adjustment of all other details shall be instituted.[2]

4.—From the day following the signing of the memorandum, that is from the day after the negotiations above mentioned are instituted, the work of reconstruction shall be accelerated.

5.—China shall instruct the local officials along the line to give every facility regarding the execution of the work.

Accordingly, two copies of this having been drawn up in Japanese and in Chinese, and sealed, one copy in each language will be retained by each party as evidence of the agreement.

(L. S.)	(Sgd.)	KOIKE CHOZO
(L. S.)	(Sgd.)	HSI LIANG
(L. S.)	(Sgd.)	CHENG

[1] MACMURRAY, vol. I, p. 787, translation from the Japanese text as printed in *Shina Kankei Tokushu Joyaku Isan*, p. 41. A translation of the five articles is printed also in *F. E. Review*, vol. viii, p. 16, and vol. xi, p. 389.

In connection with this memorandum see also the additional agreement attached to the treaty between Japan and China concerning Manchuria, December 22, 1905 (No. 13, *ante*), particularly Article 6; agreement concerning mines and railways in Manchuria, September 4, 1909 (No. 27, *post*); convention relating to railway connections at Antung, November 2, 1911 (No. 31, *post*).

[2] In *Chung Hwa Fa Kuei Ta Ch'üan* is given, without indication of date, the Chinese text of regulations for the purchase of land for the Antung-Mukden Railway. For translation of this text, see MACMURRAY, vol. I, p. 788.

No. 27

JAPAN AND CHINA

Agreement concerning mines and railways in Manchuria.[1]*—September 4, 1909*

The Imperial Government of Japan and the Imperial Government of China, actuated by the desire to consolidate the relations of amity and good neighborhood between the two countries, by settling definitely the matters of common concern in Manchuria, and by removing for the future all cause of misunderstanding, have agreed upon the following stipulations:

ART. 1.—The Government of China engages that in the event of its undertaking to construct a railway between Hsinmintun and Fakumen, it shall arrange previously with the Government of Japan.

ART. 2.—The Government of China recognizes that the railway between Tashichao and Yinkow is a branch line of the South Manchuria Railway, and it is agreed that the said branch line shall be delivered up to China simultaneously with the South Manchuria Railway upon the expiration of the term of concession for that main line. The Chinese Government further agrees to the extension of the said branch line to the port of Yinkow.

ART. 3.—In regard to the coal mines at Fushun and Yuentai, the Governments of Japan and China are agreed as follows:

(*a*) The Chinese Government recognizes the right of the Japanese Government to work the said coal mines.

(*b*) The Japanese Government, respecting the full sovereignty of China, engages to pay to the Chinese Government tax upon coals produced in those mines. The rate of such tax shall be separately arranged upon the basis of the lowest tariff for coals produced in any other places of China.

(*c*) The Chinese Government agrees that in the matter of the exportation of coals produced in the said mines, the lowest tariff of export duty for coals of any other mines shall be applied.

(*d*) The extent of the said coal mines, as well as all detailed regulations, shall be separately arranged by commissioners specially appointed for that purpose.[2]

ART. 4.—All mines along the Antung-Mukden Railway and the main line of the South Manchuria Railway, excepting those at Fushun and Yuentai, shall be exploited as joint enterprises of Japanese and Chinese subjects, upon the general principles which the Viceroy of the Eastern Three

[1] MACMURRAY, vol. I, p. 790; translation from the Japanese text, as printed in *For Rel.*, 1909, p. 118. Printed also in *Am. Int. Law Journal*, Supplement, 1910, p. 130. See Note 1 to this document, *post*, p. 130.

[2] See Note 2 to this document, *post*, p. 131.

Provinces and the Governor of Mukden agreed upon with the Japanese Consul General in the fortieth year of Meiji, corresponding to the thirty-third year of Kuangshu.[1] Detailed regulations in respect of such mines shall, in due course, be arranged by the Viceroy and the Governor with the Japanese Consul General.[2]

ART. 5.—The Government of Japan declares that it has no objection to the extension of the Peking-Mukden Railway to the city wall of Mukden. Practical measures for such extension shall be adjusted and determined by the local Japanese and Chinese authorities and technical experts.[3]

In witness whereof, the undersigned, etc., etc.

Note 1

In connection with this agreement see also the Sino-Japanese treaty and exchanges of notes respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *post*).

At p. 117 of *For. Rel.*, 1909, is printed the following translation (from the Chinese text) of a memorandum concerning mines along the line of the Antung-Mukden Railway, signed in 1907 by the Viceroy of Manchuria and the Japanese Consul General at Mukden:

Memorandum concerning Mines along Antung-Mukden Railway, 1907

"1.—The Japanese Consul General hereby declares that when the present military railway between Antung and Mukden is changed to standard gauge the present route may be slightly changed but will not follow an entirely different route.

"2.—The Japanese who are temporarily residing along the line of the railway will be prohibited by the Japanese Consul General from surveying mining properties. Hereafter such work will be carried on under the provisions of Article 3.

"3.—All coal, iron, tin and lead mines situated near the railway may be worked conjointly after officials of both countries have made an inspection. The operators concerned should specify exactly the localities to be worked and petition the Viceroy of Manchuria and the Governor of Fengtien, who, after giving their consent, will ask for an edict permitting the work to be carried on. The conditions of working the mines will be similar to those contained in the Agreement of Lin-ch'eng Hsien. [See the agreement of March 22, 1905 (MACMURRAY, vol. I, p. 493).]

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[1] Quoted in Note 1 to this document, *infra*.

For correspondence between the American and the Chinese and Japanese Governments concerning the effect of this provision, see *For. Rel.*, 1909, pp. 116-124. In the course of that correspondence, the Chinese Foreign Office, under date of November 18, 1909, stated to the American Legation that "the reference in the said agreement to joint Chinese-Japanese exploitation of mines along the two railways mentioned does not involve a monopoly of the rights and privileges of opening mines in the designated territory, nor confer any exclusive rights to mines therein upon Japanese subjects, but that mines in the territory mentioned may with the consent of the Chinese Government be exploited by third parties also." Under date of November 25, 1909, the Japanese Ministry for Foreign Affairs likewise advised the American Embassy that "the provisions of the agreement of September 4 last, in reference to joint exploitation of mines along the said railways do not and were not intended in any way or to any extent to involve a monopoly of the right to discover, open, and operate mines in Manchuria, to the exclusion of American citizens, or any other persons."

[2] See Note 3 to this document, *post*, p. 132.

[3] An agreement for the extension of the Peking-Mukden Line was signed at Mukden, September 2, 1911 (MACMURRAY, vol. I, p. 795).

"4.—If in future operators of other nationalities are permitted to work coal mines and are given better terms than those of the agreement of Lin-ch'eng Hsien in Chihli Province, thereafter the coal mines along the line of this railway which are permitted to be worked jointly shall on petition be granted the same privileges. The iron, tin, and lead mines, which are worked jointly shall pay taxes and dues according to such regulations as may hereafter be issued by the Board of Agriculture, Industries, and Commerce.

"5.—If hereafter operators of other nationalities are permitted to work iron, tin, or lead mines in the province of Fengtien and if after paying the taxes and dues fixed by the board they enjoy any special privileges, thereafter such companies of Chinese and Japanese as may be permitted to work these three sorts of mines along the line of the railway shall on petition be accorded the same privileges."

Note 2

The following is a translation, from the Japanese text printed at p. 44 of *Shina Kankei Tokushu Joyaku Isan,* of the detailed regulations for the Fushun and Yentai Mines, signed on May 12, 1911:

Detailed Regulations for Fushun and Yentai Mines, May 12, 1911

"The delegates of Japan and China, having been duly clothed with authority by their respective Governments, do establish the following detailed regulations in regard to the Fushun and Yentai mines, based on the provisions of Article 3 of the agreement in regard to Manchurian affairs which was concluded by the Governments of Japan and China at Peking on the 4th day of the 9th month of the 42nd year of Meiji (20th day of the 7th moon of the first year of Hsüan T'ung: *i.e.*, September 4, 1909).

"ART. 1.—The South Manchuria Railway Company, hereinafter referred to as the Company) agrees to pay to the Chinese Government a mining tax for the coal of the Fushun and Yentai mines (hereinafter referred to as the two mines), which shall be fixed at five per cent. of its value at the mouth of the mine, provided that as long as the output of coal is less than 3000 tons of coal per day the amount of the tax shall be computed by fixing the price at the mouth of the mine at one Kuping tael per ton, and when the output per day exceeds 3000 tons, at one yen (Japanese currency) per ton.

"ART. 2.—The Company agrees to pay to the Chinese maritime customs for the coal of the two mines exported from a point of maritime navigation an export tax which shall be computed at one-tenth of a Haikwan tael per ton, that is to say, at the rate of one mace silver.

"The export tax for coal of the two mines exported overland through Chosen or Russia shall be separately decided afterwards.

"ART. 3.—The tax to be paid mentioned in Article 2 shall apply to coal from the date of the agreement in regard to Manchurian affairs, which was entered into at Peking, that is to say the fourth day of the ninth month of the 42nd year of Meiji (20th day of the 7th moon of the first year of Hsüan T'ung). The Company shall pay to the Chinese Government a mining tax for coal mined subsequent to that date. The export tax which was paid in excess to the Chinese maritime customs from that day shall be refunded by the Chinese Government to the company at the rate of 2 mace per ton.

"With reference to the mining tax in future, the company shall pay to commissioners designated by the Chinese Government for collecting the taxes the amount for the preceding three months four times each year, that is to say in January, April, July and October of the Japanese calendar. The amount of the export tax shall be paid each month for the preceding month as soon as possible to the Chinese maritime customs.

"ART. 4.—In case coal from the two mines is loaded into a vessel for its own consumption, it shall be treated according to the usual rule of the maritime customs.

"ART. 5.—The Company need not pay a mining tax for coal for its own use, provided however, this amount shall be fixed at 700 tons per day.

"ART. 6.—In addition to taxes in accordance with Articles 1 and 2, there shall be no other taxes for the coal of the two mines such as the imposition of likin and other fees, but in case the taxes in respect to other coal are fixed at a rate lower than that for the two mines, the Company also shall have the right to have the taxes made equal.

"In lieu of the likin and other taxes mentioned in the foregoing paragraph, the Company shall pay to the Chinese Government yen 50,000 per annum in four instalments in the same manner as mentioned in paragraph 2 of Article 3.

"The Chinese authorities shall take steps to make it known generally in the various provinces that the coal has been freed from likin and other charges.

"ART. 7.—The boundaries of the two mines shall be in accordance with a map which shall be fixed after a conference of the commissioners of the two Governments.

"ART. 8.—The Chinese Government will agree not to allow anyone outside the Company to prospect or mine within the boundaries of the two mines, and speedily to cancel permission which may already have been granted to anybody.

"ART. 9.—When there is anybody who mines coal or attempts to mine coal within the borders of the two mines without the permission or consent of the Company, it shall report it to the Chinese authorities. In such an event the Chinese authorities shall strictly prohibit it.

"ART. 10.—The Chinese authorities will agree to afford sufficient facilities in mining, transportation of coal and the hiring of laborers.

"ART. 11.—In case the Company requires private land within the boundaries of the mines, which is necessary for mining purposes, or requires the extension of the railway, it shall be reported to the Chinese authorities, and a decision shall be reached after a mutual consultation.

"When the Company has finished mining it shall restore to the Chinese Government the land that was used for mining.

"ART. 12.—When the Company requires the removal of graves or houses within the land that it uses for mining, it shall confer with the owner and shall pay him a suitable fee for removal. In case any damage is done in these matters on account of mining, it shall agree to pay a suitable indemnity.

"ART. 13.—The Company shall agree to establish appropriate provisions for the control of laborers and for relief.

"ART. 14.—These detailed regulations shall be effective for sixty years from the date of their enforcement. If when this period is reached the mines are not exhausted, the period shall be extended.

"These detailed regulations shall be drawn up in Chinese and Japanese, four copies of each. After they have been signed and sealed by the commissioners of each country, the two Governments shall attest them by furnishing one copy in Japanese and one copy in Chinese apiece to the South Manchuria Railway Company and the Governor General of the Three Eastern Provinces.

"Meiji 44, 5th month, 12th day.
"Hsüan T'ung 3, 4th month, 14th day.

"CHOZO KOIKE,
Japanese Consul General (Seal)

"SHIMBO SAKAGUCHI,
Assistant Chief of the Fushun Mine (Seal)

"HAN KUO-CHÜN,
Chinese Commissioner for Foreign Affairs at Mukden (Seal)

"Hou Kuan Taotai Ch'i Ku-yi is to sign in a few days upon returning to China."

Note 3

The following agreement between the Chinese Government and Messrs. Okura & Company, the Japanese holders of the Penhsihu Mine, dated May 22, 1910, is given in COLLINS, p. 279:

Agreement for Penhsihu Coal Mining Company, Ltd., May 22, 1910

1.—After this Agreement shall have been sanctioned by the Chinese Government the Penhsihu Coal Mining Enterprise will be registered as a Sino-Japanese Company. The Company will be called the Penhsihu Coal Mining Company, Limited, hereinafter referred to as "the Company." The Japanese firm is hereinafter referred to as "Messrs. Okura & Company."

2.—The Chinese Government has agreed on a valuation of the properties of the Penhsihu Mine at 350,000 dollars. After the signing of this contract the Company will hand over shares to the value of 350,000 dollars to the Chinese Government.

3.—The capital of the Company will be 2,000,000 Peiyang dollars. One-half will be subscribed by Chinese merchants, but in view of the fact that the Chinese Government has already 350,000 dollars invested in the mining properties only 650,000 dollars will be subscribed to complete the Chinese shares. Messrs. Okura & Company will be responsible for the subscription of the remaining 1,000,000 dollars. Interest on mine-shares and the cash-shares will begin to run on the day the Company starts operations in the former case and on the day cash is paid up in the latter case.

4.—The profits of the Company will be divided as follows:

(*a*) Profits up to 8 per cent. will be paid on the 2,000,000 dollars as interest. In case the profit is insufficient for payment of 8 per cent. a lower interest will be paid.

(*b*) After paying the 8 per cent. interest, any profits will be divided into ten equal parts, one of which is to be put aside as a reserve fund, 2½ parts will be paid to the Chinese Government as a contribution, and 6½ parts will be equally divided among the Chinese and Japanese shareholders. When the shareholders consider the reserve fund to be sufficient they may, by mutual agreement, cease putting aside further sums to reserve. No interest is to be paid on the reserve fund.

5.—There will be two Directors-in-chief, one Chinese and the other Japanese. The rest of the posts on the staff will be equally divided amongst Chinese and Japanese by the mutual consent of the two Directors-in-chief. Any enterprise concerning engineering or financial matters must receive the sanction and signatures of the two Directors-in-chief before being put into execution. The Directors-in-chief must make reports to the Director-General on each occasion. All documents and accounts will be managed by qualified officials of the Company in the most up-to-date manner possible and kept in both the Chinese and Japanese languages so that each Director-in-chief may be able to examine the contents. All the Company's affairs will be controlled and directed by the two Directors-in-chief of their representatives under the Company's seal, and under the signatures of the two Directors-in-chief. Chinese dates will be used in book-keeping and the paying out of dividends.

6.—The Company will be considered formally constituted on the day the Chinese Government shall register it.

7.—After the formation of the Company, when it is considered necessary by the two Directors-in-chief to increase the capital or to contract loans, the shareholders will be consulted. Then the shareholders of each nationality will be responsible for half the amount. Loans may not be contracted from persons of any nationality other than Chinese and Japanese. The Company's properties will not be mortgaged unless there be urgent necessity for loans. The shareholders may not sell their shares without the Company's consent. Only Chinese workmen will be employed in the mines.

8.—The term of this agreement is thirty years, beginning on the day the Company is registered by the Chinese Government. At expiration of this Agreement the Company will enter into voluntary liquidation. The Chinese Government will then return the mine-share certificates to the Company and in return take back the mining area. The Company will as quickly as possible sell off its movable property, rails, mine-timbers and buildings at a fair price. The shareholders of each nationality will take one-half of the proceeds of sale and of the reserve fund. At this time all share certificates will be returned and cancelled unless by mutual consent this agreement is renewed. After expiration of this agreement, should the Chinese Government desire to carry on the undertaking by itself it can do so by taking back the mining area and paying adequate compensation for the movable property, rails, mine-timbers and buildings.

9.—For every long ton of coal produced the Company will pay likin of .06 K'u p'ing tael of sycee silver and a tax of .10 K'u p'ing tael of sycee silver. For the mining area the Company will pay .2 K'u p'ing tael of sycee silver for each mow occupied. As export tax the Company shall pay .1 K'u p'ing tael of silver as customs duty. In case, however the Chinese shall concede any lower rate of taxation to any Sino-Foreign company in the future, this Company may demand the same rate. When the new mining laws are promulgated by the Board of Agriculture, Industry and Commerce, the Government may, through the Governor of Manchuria, order the Company to alter this Agreement in order to comply with the new laws.

10.—All the materials needed and purchased by the Company will be exempted from likin, but must pay the usual taxes to the maritime customs.

11.—In consideration of the capital spent on the mine by Messrs. Okura & Company, in 1905 and 1909, the Company will take over all the property, including engines, buildings, construction and warehouse goods, etc., at a valuation of 1,000,000 dollars, which will be the Japanese capital. Messrs. Okura & Company will make a clear return of all the proceeds from sale of coal produced within that period. The Company will repay all the money spent by Messrs. Okura & Company, between the third moon and the formation of the Company, on new machinery, etc., and this machinery, etc., will be handed to the Company. Messrs. Okura & Company will hand in all proceeds from the sale of the coal produced within the period, and the coal at surface or in store will be handed to the Company without claim for any payment thereon.

12.—After the formation of the Company official surveyors will be despatched to make a surface survey of the concession, so as to fix its boundaries. The map will be sent to the Company as the official survey. If during the Company's mining operations any ancient objects of art be found these will be handed to the Chinese Government.

13.—Should the Company be in need of any land a fixed price will be paid as its rent. In case it be found necessary to pull down any buildings, or to remove any tombs, the case will be laid before the local official, who will notify the landowner of the fact, but the Company must pay fair compensation.

14.—After signing this agreement, the Director-General will, within three months, instruct a representative to draft a set of the Company's Regulations together with Messrs. Okura & Company, preparatory to the operation of the Company. This set of articles will be handed to the Director-General for perusal and for forwarding to the Governor.

15.—This Agreement will be drawn up in Chinese and Japanese. In case of dispute the Chinese version will be held to rule. There will be five copies of this Agreement: One copy will be kept at the Governor's Yamen, one at the Bureau of Foreign Affairs, one by Messrs. Okura & Company, one at the Company's Office, and one at the Japanese Consulate.

Dated May 22, 1910.

Signatures:

Han Kuo Chun,
Commissioner of Foreign Affairs.

Hsiao Chih Chang Tsao,
Japanese Consul.

Okura & Company.

No. 28

JAPAN AND CHINA

Agreement relating to the Chientao region.[1]*—September 4, 1909*

The Imperial Government of Japan and the Imperial Government of China, desiring to secure for Chinese and Korean inhabitants in the frontier regions the blessings of permanent peace and tranquility, and considering it essential in the attainment of such desire that the two Governments should, in view of their relations of cordial friendship and good neighborhood, recognize the River Tumen as forming the boundary between China and Korea, and should adjust all matters relating thereto in a spirit of mutual accommodation, have agreed upon the following stipulations:

ART. 1.—The Governments of Japan and China declare that the River Tumen is recognized as forming the boundary between China and Korea and that in the region of the source of that river the boundary line shall start from the boundary monument and thence follow the course of the stream Shihyishwei.

ART. 2.—The Government of China shall, as soon as possible after the signing of the present agreement, open the following places to the residence and trade of foreigners, and the Government of Japan may there establish consulates or branch offices of consulates. The date of the opening of such places shall be separately determined: Lungchingtsun; Chutszchie; Toutaokou; Paitsaokou.[2]

ART. 3.—The Government of China recognizes the residence of Korean subjects, as heretofore, on agricultural lands lying north of the River Tumen. The limits of the district for such residence are shown in the annexed map.

ART. 4.—The Korean subjects residing on agricultural lands within the mixed residence district to the north of the River Tumen shall submit to the laws of China, and shall be amenable to the jurisdiction of the Chinese local officials. Such Korean subjects shall be accorded by the Chinese authorities equal treatment with Chinese subjects, and similarly, in the matter of taxation and all other administrative measures, they shall be placed on equal footing with Chinese subjects. All cases, whether civil or criminal, relating to such Korean subjects shall be heard and decided by

[1] MACMURRAY, vol. I, p. 796; translation from the Japanese text, as printed in *For. Rel.*, 1909, p. 119. Printed also in *Am. Journal Int. Law*, Supplement, 1910, p. 132. Translation from Chinese text printed in CUSTOMS, vol. ii, p. 768.
See Note to this document, *post*, p. 136.

[2] The Chinese Government later fixed on November 2, 1909, as the date for the opening of all these ports.

the Chinese authorities in accordance with the laws of China, and in a just and equitable manner. A Japanese consular officer or an official duly authorized by him shall be allowed freely to attend the court, and in the hearing of important cases concerning the lives of persons, previous notice is to be given to the Japanese consular officers. Whenever the Japanese consular officers find that a decision has been given in disregard of law, they shall have right to apply to the Chinese authorities for a new trial to be conducted by officials specially selected in order to assure justice of the decision.

ART. 5.—The Government of China engages that land and buildings owned by Korean subjects in the mixed residence district to the north of the River Tumen shall be fully protected equally with the properties of Chinese subjects. Ferries shall be established on the River Tumen at places properly chosen, and people on either side of the river shall be entirely at liberty to cross to the other side, it being, however, understood that persons carrying arms shall not be permitted to cross the frontier without previous official notice or passports. In respect to cereals produced in the mixed residence district, Korean subjects shall be permitted to export them out of the said district, except in time of scarcity, in which case such exportation may be prohibited. Collection of firewood and grass shall be dealt with in accordance with the practice hitherto followed.

ART. 6.—The Government of China shall undertake to extend the Kirin-Changchun Railway to the southern boundary of Yenchi, and to connect it at Hoiryong (Hueining) with a Korean railway, and such extensions shall be effected upon the same terms as the Kirin-Changchun Railway. The date of commencing the work of the proposed extension shall be determined by the Government of China, considering the actual requirements of the situation, and upon consultation with the Government of Japan.

ART. 7.—The present agreement shall come into operation immediately upon its signature, and thereafter the Chientao branch office of the Residency General, as well as all civil and military officers attached thereto shall be withdrawn, as soon as possible, and within two months. The Government of Japan shall within two months hereafter establish its consulates at the places mentioned in Article 2.

In witness whereof, the undersigned, duly authorized by their respective Governments, have signed and sealed the present agreement in duplicate, in the Japanese and Chinese languages.

Note

In connection with this agreement see also the detailed agreement for the Kirin-Ch'angch'un Railway loan, August 18, 1909 (No. 25, *ante*); Sino-Japanese treaty and exchange of notes respecting South Manchuria and Eastern Inner Mongolia, May 25,

1915 (No. 35, *post*); and Kirin-Hueining Railway loan agreement of June 18, 1918 (No. 42, *post*).

As an annex to this agreement, see the following Japanese law (No. 40.) relating to adjudication by consular officers in Kanto (Chientao), dated April 5, 1910, as translated from the Japanese *Official Gazette* of April 6, 1910):

Japanese Law relating to Adjudication by Consular Officers in Chientao, April 5, 1910

"ARTICLE 1.—The public trial of offences liable to capital punishment, or penal servitude for life or for a limited period of at least one year, or imprisonment, the preliminary examination of which has been conducted by consular officers stationed in Kanto, shall belong to the jurisdiction of the District Courts of the Residency General [*i.e.*, of Korea].

"ARTICLE 2.—The Minister for Foreign Affairs may, if he deems it necessary in connection with a criminal case belonging to the jurisdiction of consular officers stationed in Kanto, order the consular officer concerned to deliver the accused to a prison in Korea.

"ARTICLE 3.—In cases where, in accordance with the provisions of the preceding article, the accused is delivered to a prison in Korea, the Resident General shall, if the case belongs to the jurisdiction of the district courts, cause a public procurator of the Residency General Court of Appeal having jurisdiction over the locality where the prison to which the accused is delivered is located to apply to such court of appeal for the designation of jurisdiction; and if the case belongs to the jurisdiction of the local courts, he shall cause a public procurator of the Residency General District Court having jurisdiction over the locality where the prison to which the accused is delivered is located, to apply to such district court for the designation of jurisdiction.

"In connection with the application and adjudication mentioned in the preceding paragraph, the provisions of Article 33 of the Code of criminal procedure shall be applied *mutatis mutandis*.

[Article 33 of Japanese Code of criminal procedure: "A person desirous of making a motion relative to the designation of the competent Court must declare his intention in writing to the Court competent to rule.

"The Court must decide the motion according to the documents."]

"ARTICLE 4.—Appeals from or protests against decision rendered by consular officers stationed in Kanto in cases subject to the jurisdiction of a district court shall belong to the jurisdiction of a Court of Appeal of the Residency General.

"ARTICLE 5.—In the cases mentioned in Articles 1 and 4, the Residency General Courts to have jurisdiction shall be determined by the Resident General.

"Supplementary Clause

"Lawsuits and non-contentious matters accepted prior to the enforcement of this law shall be dealt with according to previous practice."

No. 29

GREAT BRITAIN (Pauling & Company), UNITED STATES (American Group) AND CHINA

Preliminary agreement providing for the financing, construction and operation of the railway from Chinchou to Aigun.[1]*—October 2, 1909*

This Preliminary Agreement to provide for the financing, construction and operation of the Railway from Chinchou to Aigun is made between their excellencies the viceroy of Manchuria and the governor of Fengtien, hereinafter called the administration, of the one part, and the American group and its associates (such associates to be admitted to participation with the full consent of, and to the extent,—not more than forty per cent of the whole,—to be determined by the Chinese Government), hereinafter called the banks, and Pauling & Co., hereinafter called the Contractors, of the other part:

Now it is hereby mutually agreed by and between the parties hereto as follows:

I.—The administration engages to borrow from the bank the sum necessary to construct the railway from Chinchou to Aigun. The rate of interest for this loan shall not exceed 5 per cent per annum, and the terms of issue, which shall be the most favorable obtainable, and the other details of procedure shall be arranged in a mutually satisfactory manner.

The payment of interest and amortization of this loan shall be guaranteed by the Imperial Chinese Government and the security therefor shall be the railway line.

Interest payments and amortization shall be met by the receipts of the railway or the proceeds of the loan, and if these be insufficient, by Manchurian revenues as may hereafter be selected by the administration and the bank in a manner to be mutually satisfactory.

The first bond issue shall be for the amount necessary for the construction and equipment of the railway between Chinchou and Tsitsihar. The second shall be for the construction and equipment of the railway between Tsitsihar and Aigun.

An equitable arrangement shall be made for the redemption of the bond issue by the board of communications prior to the expiration of their term.

II.—The administration agrees to contract with the contractors for the construction and equipment of this road. The contractors engage to build

[1] MacMurray, vol. I, p. 800. Printed also in *For. Rel.*, 1910, p. 232. See Note to this document, *post*, p. 140.

and equip the line using the best possible materials on the cheapest possible terms.

The detailed terms and conditions, etc., shall be arranged hereafter in a manner that shall be mutually satisfactory.

III.—On equal terms Chinese materials shall be given the preference. If however Chinese materials are not available recourse shall be had to other markets.

The administration shall be liable to the contractors only for the contract price of the railway and it is clearly understood that no commission shall be paid on the purchase of materials.

IV.—During the construction of this railway the appointment of the chief engineer shall be vested in Pauling & Co. but this appointment must be approved by the president of the railway company to be designated by the Imperial Chinese Government. The chief engineer shall be under the control of the Board of Communications and the Railway Company.

V.—As the work of construction is completed section by section the railway shall be operated, during the currency of the loan, by a company which shall be under the control of the board of communications. If after the payment of interest and amortization charges, and operating expenses, there be a surplus the railway company shall receive 10 per cent thereof.

VI.—The company shall be composed of Chinese, Americans and British as may be hereafter arranged, the Chinese to have a majority interest in the control, but under no circumstances shall persons of any other nationality than those herein mentioned have any voice in the management or control of the company without the full permission of the Imperial Chinese Government.

The company shall have as its president a high official appointed by the Imperial Chinese Government. The other details of organization shall be subsequently arranged in a mutually satisfactory manner.

VII.—This railway company is to be organized by Chinese, American and British interests. It is recognized however that this line is constructed in Chinese territory for commercial purposes and in case of war may be used only for the transportation of Chinese troops and munitions of war.

VIII.—This preliminary agreement is signed by their excellencies the viceroy of Manchuria and the governor of Fengtien with the bank and the contractors subject to approval by imperial edict, without which it shall be null and void.

IX.—In case certain portions of this agreement are characterized as unacceptable by the imperial edict or in case the administration finds on further consideration that there are certain unsatisfactory provisions therein, these clauses, to which exception has been taken, shall be revised in the detailed agreements in a manner which shall be satisfactory to all parties.

X.—This agreement is executed in triplicate in English and Chinese, one set to be retained by their excellencies the viceroy of Manchuria and the governor of Fengtien, one set by the American group, and one set by Pauling & Co. In case there be any misunderstanding arising from a difference between the English and Chinese texts the matter shall be settled by a mutually satisfactory arrangement.

Signed at Mukden by the contracting parties this nineteenth day of the eighth moon of the first year of the Emperor Hsuan Tung, being the 2d day of October of the Year 1909 of the western calendar.

(Signed)
The Viceroy of Manchuria and the
Governor of Fengtien.

(Signed) For J. P. Morgan and Company,
Kuhn, Loeb and Company,
The First National Bank,
The National City Bank of New York,
Constituting the American Group,
Willard D. Straight,
Agent.

(Signed) For Pauling and Company,
French, *per W. D. S.*
Agent.

Note

The imperial edict of approval, contemplated by Article VIII of the agreement, was issued on January 21, 1910, but no detailed agreement in pursuance of this preliminary agreement has yet been concluded.

For the protests made in behalf of other nationalities against this agreement, see *The Forum*, July, 1910, pp. 74-83.

In connection with this agreement, see the memorandum of agreement between the American group and Pauling & Co., as follows:

Memorandum of Agreement between the American Group and Pauling & Company, October 6, 1909

In addition to the provisions of the Preliminary Agreement with Their Excellencies, the Viceroy of Manchuria and the Governor of Fengtien for the financing, construction, and subsequent operation of the Railway from Chinchou to Aigun to which the American Group as well as Pauling and Company are parties,

It is agreed as between the American Group and Pauling and Company that:

I.—Since it may be necessary for the American Group in making its financial arrangements with the Chinese Government to furnish funds on terms ensuring a margin of profit not commensurate with the risks involved, Pauling and Company will give the American Group not less than 2½ per cent. of the contract price for both sections of the railway referred to, such percentage to be paid on the completion of the entire road.

II.—At least one-half of the materials and equipment purchased in Europe and America shall be American.

III.—In view of the fact that upon completion the railway will be operated by a Company in which the American Group as well as Pauling and Company will be equally interested (unless otherwise arranged to the satisfaction of both parties), certain American engineers to be recommended by the American Group shall be employed by Pauling and Company during the period of construction.

IV.—All other details necessary to secure proper cooperation between the parties to this Agreement shall be arranged upon a mutually satisfactory basis.

V.—Any revision of the above stipulations, if such be found necessary, shall be made by mutual agreement.

Signed in duplicate at Peking this sixth day of October One Thousand Nine Hundred and Nine.

For J. P. Morgan and Company,
Kuhn, Loeb and Company,
The First National Bank,
The National City Bank of New York,
constituting the American Group,
(Signed) W. STRAIGHT.
Agent.

Subject to ratification by my principals.
For Pauling and Company,
(Signed) FRENCH.
Agent.

Subject to ratification by my principals.

No. 30

JAPAN AND RUSSIA

Convention in regard to Manchuria.[1]*—July 4, 1910*

The Imperial Government of Russia and the Imperial Government of Japan, sincerely attached to the principles established by the convention concluded between them July 17/30, 1907, and desiring to develop the results of that convention with a view to the consolidation of peace in the Far East, have agreed to complete the said arrangement by the following agreements:

ART. I.—For the purpose of facilitating the communications and developing the commerce of the nations, the two High Contracting Parties engage mutually to lend each other their friendly cooperation with a view to the improvement of their respective lines of railroad in Manchuria, and to the perfecting of the connecting service of the said railways, and to refrain from all competition unfavorable to the attainment of this result.

ART. II.—Each of the High Contracting Parties engages to maintain and to respect the *status quo* in Manchuria as it results from all the treaties, conventions or other arrangements hitherto concluded, either between Russia

[1] MACMURRAY, vol. I, p. 803, translation from the official French text as printed in the Russian *Government Messenger* of July 1/14, 1910.

Other translations printed in *F. E. Review,* vol. VII, p. 89, and *Am. Journal Int. Law,* Supplement, 1910, p. 279.

See Note to this document, *post,* p. 142.

and Japan or between these two Powers and China. Copies of the aforesaid arrangements have been exchanged between Russia and Japan.

ART. III.—In case any event of such a nature as to menace the abovementioned *status quo* should be brought about, the two High Contracting Parties will in each instance enter into communication with each other, for the purpose of agreeing upon the measures that they may judge it necessary to take for the maintenance of the said *status quo*.

In faith of which the undersigned, duly authorized by their respective Governments, have signed this convention and set their seals thereto.

Done at St. Petersburg, June 21 (July 4), 1910, corresponding to the 4th day of the 7th month of the forty-third year of Meiji.

(Signed) ISWOLSKY (L. S.)

(Signed) MOTONO (L. S.)

Note

The following is stated to be "the full text of the Secret Treaty" of July 4, 1910, accompanying the political convention of that date between Japan and Russia, as printed in the New York American's revelations of Russian "Secret Diplomacy" by Captain George Abel Schreiner, collated from the documents in the possession of, and translated by, Count B. von Siebert (installment of March 13, 1921):

Secret Treaty between Russia and Japan, July 4, 1910

"To confirm and further develop the provisions of the Secret Treaty of June 17/30, 1907, the Russian and the Japanese governments agree to the following provisions:

"ARTICLE 1.—Russia and Japan recognize as the boundary of their specific spheres of interest in Manchuria the line of demarcation as defined in the supplementary article of the Secret Treaty of 1907.

"ARTICLE 2.—The two contracting parties agree mutually to recognize their special interests in the areas set forth above. Each of them may also, each within its own sphere of interest, take such measures as shall be deemed necessary for the maintenance and protection of these interests.

"ARTICLE 3.—Each party undertakes to place no obstacle of any kind in the way of the confirmation and future development of the special interests of the other party within the boundary lines of such spheres of interest.

"ARTICLE 4.—Each of the contracting parties undertakes to refrain from all political action within the sphere of interest of the other party in Manchuria. Furthermore, it has been decided that Russia shall seek no privileges and concessions in the Japanese zone, and Japan none in the Russian zone, that might be injurious to the special interests of either party and that both governments are to recognize the rights acquired in their spheres of interest, as defined in Article 2 of the Public Treaty of today's date.

"ARTICLE 5.—To ensure the working of the mutual stipulations, both parties will enter into an open and friendly exchange of opinions on all matters concerning their special interests in Manchuria. In case these special interests should be threatened, the two governments will agree on the measures that may become necessary for common action or mutual support in order to protect these interests.

"ARTICLE 6.—The present treaty will be kept strictly secret by both governments."

In connection with this convention, see the treaty of peace between Japan and Russia, September 5, 1905 (No. 12, *ante*), and the treaty between Japan and China,

December 22, 1905 (No. 13, *ante*); see also the Russo-Japanese political conventions of July 30, 1907 (No. 20, *ante*), and July 3, 1916 (No. 38, *post*).

The following is the translation (as printed in *Am. Journal Int. Law*, Supplement, 1910, p. 279) of the note addressed by the Chinese Government to the several Powers in reference to this convention, under date of July 21, 1910:

"The Imperial Government having carefully perused the new Russo-Japanese Convention, concluded on July 4, 1910, copies of which were handed to the Wai-wu-pu by the Russian and Japanese Ministers, the following acknowledgment, dated July 21, has been sent to them:

"Since the convention expressly states that each of the high contracting parties engage to respect and maintain the treaties, conventions, and other arrangements concluded between China and Japan, between China and Russia, and between Japan and Russia, it therefore accords with and confirms the principles of the engagements made between Japan and Russia by the Treaty of Peace in 1905, and those of the treaty and agreement made between China and Japan relating to matters in the three eastern provinces. For by Article 3 of the Russo-Japanese Treaty of Peace, Russia and Japan mutually engage to restore entirely and completely to the exclusive administration of China all portions of Manchuria, and declare that the Imperial Governments have not in Manchuria any territorial advantages or preferential or exclusive concessions in impairment of Chinese sovereignty, or inconsistent with the principle of equal opportunity; and by Article 4 Japan and Russia reciprocally engage not to obstruct any general measures common to all countries which China may take for the development of the commerce and industry of Manchuria. In the same year Japan and China named their plenipotentiaries, and agreed upon and concluded Articles at Peking, based upon the Treaty of Peace concluded at Portsmouth, and relating to matters in the three Manchurian provinces, whereby the opening of Manchuria becomes an accomplished fact.

"'The Imperial Government will therefore in the future act in accordance with the principles declared in the Russo-Japanese Treaty of Peace, and execute the provisions of the Treaty and Agreement with Japan, maintaining with increased efforts such matters as measures arising from the exercise of China's rights of sovereignty, the principle of equal opportunity, and the development of the commercial and industrial prosperity of the three Manchurian provinces, with a view to the promotion of the best interests of all parties.'

"A copy of the above acknowledgment has been presented to the governments of all the countries with which China enjoys treaty and diplomatic relations."

No. 31

JAPAN AND CHINA

Convention relating to railway connections at Antung.[1]*—November 2, 1911*

In effecting through train service across the national boundaries between the Antung-Mukden Railway and the Korean Railway, the Govern-

[1] MACMURRAY, vol. I, p. 914, translation from the Japanese text as published in the Japanese *Official Gazette*, November 15, 1911. Another translation, together with the Chinese text, is printed in CUSTOMS, vol. II, p. 773.

In connection with this convention, see the memorandum concerning the reconstruction of the Antung-Mukden Railway, August 19, 1909 (No. 26, *ante*); agreement concerning mines and railways in Manchuria, September 4, 1909 (No. 27, *ante*); provisional regulations for the working of the maritime customs office at Antung, March 31, 1912 (MACMURRAY, vol. II, p. 950); and arrangement in regard to the reduction of customs duties on goods transported by the Antung-Mukden Railway, May 29, 1913 (No. 32, *post*).

ments of Japan and China have appointed their respective commissioners and have agreed upon the following clauses:

1.—The Governments of Japan and China consent, in the interest of world communications, to direct connection of trains on the boundary between the two countries.

2.—For the purpose of through train service over the two railways, the centre of the Yalu iron bridge shall be regarded as the dividing line between the two countries, the western portion being the Chinese boundary and the eastern portion the Japanese.

3.—When a train crosses the national boundary, the locomotive shall be changed. Locomotives used on the Korean Railway shall not proceed westward beyond the Antung-hsien station; and locomotives used on the Antung-Mukden Railway shall not proceed eastward beyond the Shingishu (Hsin Wiju) station.

4.—With reference to trains coming from either country, those entering Japanese territory shall be limited to the Korean Railway lines, and those entering Chinese territory shall be limited to the lines of the South Manchuria Railway Company.

5.—When a train of either railway arrives at Antung-hsien station, China, freight, hand baggage and small goods must be unloaded at the goods inspection office and inspected by the customs officials of both countries.

However, this provision shall not be applicable to goods which the customs officials deem it unnecessary to have unloaded.

6.—The two countries shall detail their respective customs officials to conduct joint inspection at the Antung-hsien station goods inspection office, and said officials shall act in accordance with the customs regulations of their respective countries and detailed rules determined by themselves. Goods imported into China from Japanese territory shall first be inspected by Japanese customs officials and then by Chinese customs officials; while goods imported into Japan from Chinese territory shall first be inspected by Chinese customs officials and then by Japanese customs officials.

(a) Hand baggage carried by, or small goods belonging to, passengers leaving or arriving at the Antung-hsien station shall be inspected at the Antung-hsien station.

(b) Hand baggage carried by, or small goods belonging to, passengers passing through Antung-hsien station shall be inspected in the train while it is stopping.

When inspection is not completed before the train leaves, customs officials shall, according to their convenience, continue inspection on the train while in motion, or shall have hand baggage carried by, or small goods

belonging to, passengers unloaded at the goods inspection office and inspected there.

(c) When customs officials in the course of inspection in accordance with the two preceding paragraphs discover dutiable articles, the duties shall be collected directly from the passengers owning such articles.

(d) Hand baggage or small goods entrusted for shipment shall be brought to the goods inspection station for inspection.

(e) With reference to small goods and freight leaving or arriving at the Antung-hsien station, the consignors or consignees shall attend to their passage through the customs and any other formalities.

(f) With reference to freight and small goods passing through the Antung-hsien station, employees of the South Manchuria Railway Company shall attend to the procedure of passing them through the customs on behalf of the consignors or consignees, and shall have them inspected in the presence of the customs officials; and the customs duties on dutiable articles shall be advanced by the company.

(g) The South Manchuria Railway Company and the Railway Bureau of the Government General of Chosen, in order to enable customs officials to conduct inspection on the train, shall issue to such customs officials permanent free passes for both railways.

7.—Trains crossing the boundary between the two countries may not carry troops.

This provision shall not apply to troops whose stationing has been permitted by treaty, provided, however, that notice must be given prior to their crossing the national boundary.

8.—Koreans who have heretofore resided in China shall be dealt with in accordance with usage; other Koreans not possessing passports may not travel in the interior of China beyond the limits of train journeys.

9.—When trains of the two railways cross the national boundary, it is necessarily expected that the freight charges on similar goods both for export and for import shall be equal.

10.—Since, in accordance with treaty, the Antung-Mukden Railway is to be purchased by the Chinese Government after fifteen years, the present convention shall be applicable to said railway only prior to such purchase; and after the purchase the two Governments shall agree upon separate regulations relative to through train service.

IN WITNESS WHEREOF, the commissioners of the two countries have signed and sealed the present convention in duplicate in the Japanese and Chinese languages.

Second day of the 11th month of the 44th year of Meiji (November 2,

1911), corresponding to the 12th day of the 9th moon of the 3rd year of Hsuan Tung.

CHOZO KOIKE,
Consul-General of the Empire of Japan.

GOMPEI OYA,
Director of Railway Bureau of Government-General of Chosen.

SHIMBEI OKAZAWA,
Vice-President of the South Manchuria Railway Company, Limited.

KYUSABURO YANO,
Director of Customs of the Government-General of Chosen.

SEIJIRO TANAKA,
Director of the South Manchuria Railway Company, Limited.

HSÜ TING LIN,
Commissioner of Foreign Affairs at Mukden of the Empire of China.

YÜAN YI HO,
Secretary of the Department of Communications of the Empire of China.

MASAKI TACHIBANA,
Representing the Inspector-General of Customs of the Empire of China.

T. D. MOORHEAD,
Representing the Inspector-General of Customs of the Empire of China.

No. 32

JAPAN AND CHINA

Agreement concerning special duty reduction treatment of goods imported into Manchuria from or through Chosen, and exported from Manchuria to or through Chosen, by rail via Antung.[1]*—May 29, 1913*

ARTICLE 1.—On dutiable goods leaving Manchuria by railway for places beyond Hsin Wiju, and on dutiable goods proceeding to Manchuria by railway from places beyond Hsin Wiju, export and import duties respectively shall be levied at two-thirds of the Maritime Customs duty rates.

ARTICLE 2.—Goods exported from Manchuria by railway for subsequent shipment from Hsin Wiju by the Yalu Waterway, and, *vice versa,* goods having arrived at Hsin Wiju by the Yalu Waterway and thence into Manchuria by railway, are not entitled to the aforesaid reduction in duty.

In consequence on all dutiable goods exported from Manchuria to Hsin Wiju by railway full duty will be charged. A rebate of one-third of the duty will, however, be granted on goods—

(*a*) For local consumption at Hsin Wiju.

(*b*) Which subsequently, within a period of two years from their date of exportation from Manchuria, are transported by railway beyond Hsin Wiju.

In regard to goods mentioned under (*a*), the Import Permit, issued by the Hsin Wiju Customs (showing payment of import duty), and in regard to goods mentioned under (*b*), the Transport Permit, issued by the Hsin Wiju Customs, giving the necessary particulars to enable the Antung Customs to identify the original goods exported, will be accepted as proof of the goods having complied with the conditions necessary to obtain a rebate of one-third of the duty.

On dutiable goods imported by railway into Manchuria from Hsin Wiju, other than those mentioned in the beginning of this Article, import duty will be charged at the rate of two-thirds of the Maritime Customs duty rate in force, if the goods are accompanied by the Hsin Wiju Customs Export Permit or Transport Permit, declaring that they have not arrived by vessel.

[1] MACMURRAY, vol. II, p. 1039, text printed in CUSTOMS, vol. II, p. 775. With the text of this agreement is printed in CUSTOMS, p. 777, an exchange of notes of which the purport is indicated by a letter of the Japanese Minister to the Inspector General of Maritime Customs of the same date (MACMURRAY, vol. II, p. 1041).

In connection with this agreement, see the convention relating to railway connections at Antung, November 2, 1911 (No. 31, *ante*); and provisional regulations for the working of the maritime customs office at Antung, March 31, 1912 (MACMURRAY, *ibid.*, p. 950.)

Any change in the procedure of the Korean Customs may necessitate a revision of the Chinese Customs procedure in regard to the goods mentioned in this Article.

ARTICLE 3.—The transit dues on goods coming under the one-third duty reduction privilege conveyed to the interior of Manchuria are one-third the Maritime Customs Tariff duty, *i.e.,* one-half of the two-thirds import duty paid.

ARTICLE 4.—Goods imported at Antung under the one-third duty reduction privilege and subsequently conveyed by rail to a non-Manchurian treaty port or the interior of the provinces of China Proper, or conveyed by sea to any place in Manchuria or China Proper, will have to make good to the Chinese Maritime Customs the reduction enjoyed before they will be accorded the ordinary Customs treatment given foreign imports in accordance with treaty stipulations.

ARTICLE 5.—Applicants applying for goods must hand in, in addition to the English and Chinese Application, duplicate copy of the Railway Way Bill containing the following particulars: Name of sender and, if possible, the name of the addressee, place of despatch of goods (the station of departure), destination (name of railway station), denomination, quantity and weight of goods, mode of packing, signs, marks, numbers, etc., and, when possible, the value of the goods, and the signature of the railway official appointed for the purpose.

ARTICLE 6.—The principle of the Korean and Chinese Customs authorities mutually assisting each other in preventing frauds against the revenues of their respective countries is recognized.

[L. S.] H. IJUIN, *Minister of Japan.*

[L. S.] F. A. AGLEN, *Inspector General of Customs.*

Signed and sealed at Peking the 29th May 1913.

No. 33

JAPAN AND CHINA

Exchange of notes in regard to the construction of certain railways in Manchuria.[1]*—October 5, 1913*

THE CHINESE MINISTER FOR FOREIGN AFFAIRS TO THE JAPANESE MINISTER AT PEKING

SIR,—The question of Chinese railway loans has often been raised by you and discussed many times. A plan has now been decided upon, which is communicated to you herewith:

[1] MACMURRAY, *ibid.,* p. 1054. Translation (from Chinese text?) as given in the *Far Eastern Review,* vol. 15, No. 11 (November, 1918), p. 449.

General Provisional Railway Loan Agreement

(1) The Government of the Chinese Republic agrees to make a loan from Japanese capitalists for the construction of the following railways:
   (*a*) From Ssupingkai via Chengchiatun, to Taonanfu.
   (*b*) From Kaiyuan to Hailungcheng.
   (*c*) From the Changchun station of the Kirin-Changchun Railway, across the South Manchuria Railway line, to Taonanfu.

   The lines referred to above will connect with the South Manchuria Railway and the Peking-Mukden Railway. Arrangements therefor will be drawn up separately.

(2) The detailed arrangements in regard to the loans mentioned above will be modelled on the Pukow-Sinyang Railway Loan Agreement.[1] After this general agreement has been drawn up the Chinese Government will, as soon as possible, come to agreements with Japanese capitalists.

(3) The Chinese Government agrees that if in future railways are to be built from the city of Taonanfu to the city of Chengtehfu (Jehol), and from Hailungfu to the city of Kirin, that if it is proposed to borrow foreign capital, negotiations will first be entered into with Japanese capitalists.

Note

In reference to these and certain other concessions, the *Japan Advertiser* of October 2, 1918, published the following report of an official statement issued by the Japanese Government:

"According to an authoritative statement given out yesterday, the Imperial Government had arranged the following loans with the Chinese Government, prior to the resignation of the Terauchi cabinet:

"1. *Four railway loans in Manchuria and Mongolia.* [See No. 44, *post.*]

"An agreement was made several years ago between the Imperial and the Chinese Government that the latter would borrow the necessary capital from Japan in case so-called five railways in Manchuria and Mongolia were to be construced.

"The work on one of the five railways between Szepingkai and Chengkiatun has been started by the Chinese Government with capital furnished by Japan and the loans for the remaining four railways have been recently agreed upon. These railways are:

"(A) From Taonanfu to Jehol.
"(B) From Changchun to Taonanfu.
"(C) From Kirin to Kaiyuen via Hailung.
"(D) From a point on the Taonanfu-Jehol railway to a seaport.

"These lines total more than one thousand miles altogether costing, it is estimated, about 150,000,000 Yen. The Chinese Government is expected to use a Gold Loan which will be subscribed entirely by the Japanese Bankers' Syndicate. The syndicate will furnish 20,000,000 Yen to China as an advance loan, forming part of the Gold Loan proper.

"2. *The Tsinanfu and the Kaomi Railway Loans.* [See MacMurray, vol. II, p. 1450.]

[1] MacMurray, *ibid.*, p. 1068.

"As a result of the existing desire on the part of the Imperial Government to reach an understanding with the Chinese Government on the question of railways in Shantung Province and repeated discussions between the two governments, the following railway loans have been lately agreed upon:

"(A) From Tsinanfu, Shantung Province, to Shunteh, Chihli Province.

"(B) From Kaomi, Shantung Province, to Hsuchow, Kiangsu Province.

"The amount of 20,000,000 Yen will be furnished to the Chinese Government by the Japanese Syndicate as an advance loan. In case investigations show that these proposed railways would be unprofitable from a business point of view, different lines will be substituted by agreement of both parties. The proposed lines extend over about 460 miles altogether and will cost 70,000,000 Yen, which will be raised in a similar manner as the loans for the four railways in Manchuria and Mongolia. The conclusion of this agreement is said to have resulted in a better understanding between the two governments on the future of the railways in Shantung Province.

"3. *The Iron Industry Loan.*

"For the purpose of promoting economic harmony between Japan and China, the Chinese Government has been planning to establish a National Iron Works and obtain the necessary capital for starting the work with skilled engineers and experts for the management and supervision from Japan. Negotiations between the Chinese Government and the Japanese Syndicate have been going on for some time and an agreement has recently been reached, and the conclusion for a loan of about 100,000,000 Yen is expected to be announced soon. The establishment of this National Iron Works will result not only in the Chinese Government having the fundamental equipment for manufacturing and supplying all the iron needed for China itself but also Japan will derive much benefit by obtaining the manufactured iron or iron ores from China.

"The Terauchi Cabinet, just retired, has been particularly active of promoting these economic enterprises between Japan and China, and the consummation of these various economic loans are said to be due to their efforts. Besides the loans enumerated above, the Terauchi Cabinet had concluded with China the Communications Bank Loan [*ibid.*, p. 1387], the Telegraph Loan [*ibid.*, p. 1424], the Kirin-Hueining Railway Loan [No. 42, *post*] and a loan with all the forests and gold mines in both Kirin and Amur Provinces for security [No. 43, *post*]."

No. 34

GREAT BRITAIN AND RUSSIA

Agreement respecting the inclusion of British subjects within the scheme of municipal administration and taxation established in the area of the Chinese Eastern Railway.[1]*—December 3, 1914*

NOTE OF THE BRITISH MINISTER AT PEKING TO THE RUSSIAN MINISTER THERE, NOVEMBER 20/DECEMBER 3, 1914

Sir and dear Colleague,

I have the honor to inform Your Excellency that His Britannic Majesty's Government have had under consideration the draft Agreement recently negotiated and signed in English and Russian on the 17/30 of April last by the British Consul at Harbin and the local Russian Authorities

[1] MACMURRAY, vol. II, p. 1181. Printed also in *Bulletin of the Laws*, January 9/22, 1915, Section 1; *Izviestia*, 1915, vol. ii, pp. 1-9.

See Note to this document, *post*, p. 154.

respecting the inclusion of British subjects and their property within the scheme of Municipal Administration and Taxation established in the area of the Chinese Eastern Railway.

I now received instructions from Sir E. Grey stating that His Majesty's Government approve this Agreement. I therefore have the honor to inform you that as soon as I learn that the Imperial Russian Government on their side have approved the Agreement I will take the necessary steps to enforce its provisions upon the British subjects concerned from January 1st next.[1]

I avail myself of this opportunity to renew to Your Excellency the assurance of my highest consideration.

(Signed) J. N. JORDAN.

NOTE OF THE RUSSIAN MINISTER AT PEKING TO THE BRITISH MINISTER THERE, NOVEMBER 20/DECEMBER 3, 1914

[TRANSLATION]

Mr. Minister and dear Colleague:

I have the honor to acknowledge the receipt of the note of to-day's date by which your Excellency was so good as to inform me that the Government of His Britannic Majesty has approved the draft agreement recently negotiated and signed at Harbin on April 17/30 last, in English and Russian, between the local Russian authorities and the Consul of His Britannic Majesty in that city, in regard to the application to British subjects, and to their property, of the scheme of municipal administration and taxation established in the area of the Chinese Eastern Railway. Your Excellency further stated that you would take the necessary steps to insure the application of these provisions to the British subjects concerned from January 1 next, as soon as I should have made known to you that the Imperial Russian Government had on their side approved the agreement referred to.

In taking note of this communication, I hasten to advise you that I am instructed by the Imperial Government to bring to your Excellency's knowledge the fact that it has likewise approved the above-mentioned draft agreement.

Pray accept, etc.

(Signed) B. KROUPENSKY.

[1] The agreement of April 17/30, 1914, was made applicable to British subjects by "King's Regulations" (No. 20 of 1914) published by the British Minister at Peking, December 5, 1914 (MACMURRAY, vol. II, p. 1187).

Agreement

Between the Russian and British Governments respecting the Inclusion of British Subjects within the Scheme of Municipal Administration and Taxation established in the Area of the Chinese Eastern Railway.

Article I. The Imperial Russian Government having declared that all taxes and dues collected in the Railway Settlement at Harbin and in other Settlements situated in the area of the Chinese Eastern Railway shall be exclusively devoted to municipal and public purposes for the common benefit of the inhabitants of these places, His Britannic Majesty's Government agrees to the payment by British Subjects residing in the Railway Settlement at Harbin and in other Settlements situated in the area of the Chinese Eastern Railway of the same dues and taxes, whether levied in money or in kind, which are paid by Russian Subjects. His Britannic Majesty's Government further agrees that the payment of the said dues and taxes and the observance of the local Regulations and Byelaws, of which a list is hereunto annexed, shall be made obligatory upon the aforesaid British Subjects from 1 January 1915, and, in like manner, undertakes to make binding upon British Subjects from the day upon which they take effect for Russian Subjects any additional or amended Regulations and Byelaws of a similar kind, provided that due notice of their intended introduction is given and that nothing is contained therein which conflicts with the extraterritorial rights of British Subjects. It is agreed that the length of such notice shall in the case of new or amended Regulations be two months and in that of new or amended Byelaws two weeks.

Art. II. In consideration of the foregoing, British Subjects residing in the Railway Settlement at Harbin and in other Settlements situated in the area of the Chinese Eastern Railway shall have the active and passive right of election to the local Municipal Administrations, both those now existing and those hereafter established, and shall exercise this right, like Russian Subjects, in accordance with the stipulations of the local Municipal Regulations. At Harbin, also, there shall be introduced into the Municipal Council consisting, in all, of six members, the term of whose office is three years, a representative of the foreign (non-Russian) community, who shall be a foreign (non-Russian) resident of good standing, the manner of whose election shall be as follows: The resident representatives, having full Consular jurisdiction, of those Foreign Powers, exclusive of Russia, who have obliged their nationals to pay taxes and observe the local Regulations and Byelaws in accordance with the stipulations of this Agreement shall—in consultation amongst themselves, the opinion of the majority to prevail—prepare and present in good time to the Manager of the Chinese Eastern Railway for transmission to the Municipal Council a list containing the

names of not less than three and not more than five persons from amongst whom the Assembly of Delegates shall elect by an ordinary majority vote—lots to be cast in case of even ballot—the representative in the Municipal Council of the foreign (non-Russian) community. The election of this Councillor shall be simultaneous with that of other members of the Council and the term of his office shall be concurrent with theirs. Should he resign or be dismissed before the expiration of this period, the Assembly of Delegates shall at the ordinary meeting occurring next after the preparation by the aforesaid Consular representatives of a new list, elect in the manner before stated, another member to serve for the remainder of the current term. The dismissal before his period of service has expired of a member of the Council elected in the method above described shall not be effected except with the consent of a majority of the Consular representatives aforesaid.

The member of the foreign community for the present triennial period shall be elected in the manner before stated at a supplementary election which shall be held not later than two weeks after the presentation to the Manager of the Chinese Eastern Railway by the Consular representatives of the prescribed list of names.

ART. III. British Subjects residing in the Railway Settlement at Harbin and in other Settlements situated in the area of the Chinese Eastern Railway shall—as regards all matters of an economic character, more especially such as relate to trade and industry and leases of land lots—enjoy the same rights and privileges as Russian Subjects. This equality shall also avail should, in the future, the present restricted rights to land be at any time enlarged or should lessees of land lots or owners of houses be the recipients, on the lapse or termination of the Chinese Eastern Railway Company's holding, of compensation of whatever kind.

ART. IV. It is agreed that, should objections be raised by British Subjects regarding the amount of the assessment tax on commercial and industrial enterprises exploited by them, their affidavits made before the British Consular Representative as to the size and character of the said enterprises shall be accepted in definite proof.

It is agreed, also, that permission shall not be given to British Subjects to open, establish or maintain hotels, boarding or eating houses, houses of entertainment or shops for the sale of liquors except on production of a permit issued for the purpose by the British Consulate.

ART. V. It is agreed that the Police Authorities in Harbin and in other Settlements situated in the area of the Chinese Eastern Railway shall give prompt effect to any requests preferred by the British Consular Representative for the adoption of coercive measures against British Subjects; but Officers of the force shall not, on their own initiative and in the absence

of such requests, take any coercive action against British Subjects except in cases involving a breach of the peace.

ART. VI. British Subjects shall be entitled to the benefit of any more favored treatment which may be accorded by the Imperial Russian Government to the Subjects or Citizens of other Foreign Powers resident in the Railway Settlement at Harbin or in other Settlements situated in the area of the Chinese Eastern Railway.

ART. VII. The Imperial Russian Government undertakes that the Regulations and Byelaws, of which a list is hereunto annexed, shall be brought into accord with the stipulations of this Agreement by the date mentioned in Article I.

We, the undersigned, hereby certify that the foregoing is the Draft Agreement concluded between us regarding the inclusion of British Subjects within the Scheme of Municipal Administration and Taxation established in the Area of the Chinese Eastern Railway.

Harbin, April 17/30, 1914.

(Signed):

W. TRAUTSCHOLD,
Imperial Russian Consul General.

E. DANIEL,
Delegate of the Chinese Eastern Railway Administration.

H. E. SLY,
His Britannic Majesty's Consul.

Note

On February 11, 1914, the French Ministry for Foreign Affairs had addressed to the Russian Embassy in Paris an aide-mémoire, of which the translation (from the French text as printed in *Izviestia,* 1914, vol. II, p. 39) is as follows:

"The Imperial Embassy was so good as to bring to the knowledge of the Ministry for Foreign Affairs, on the 9th of this month, that the Imperial Government would be happy if the French Government should feel disposed to recognize an obligation on the part of its nationals and protégés to observe the Russian municipal regulations and to pay the municipal taxes in the towns situated on the territories of the Chinese Eastern Railway.

"Mr. Doumergue is happy to be able to give Mr. Iswolsky the assurance that the Government of the Republic fully recognizes this obligation on the part of French nationals and *ressortissants,* and avails himself of this occasion to renew to him the assurance of his highest consideration."

The Government of the Netherlands gave its adherence to the Anglo-Russian agreement through a note addressed by its Minister at Peking to the Russian Minister under date of September 25, 1915, of which the translation (from the French text printed in *Izviestia,* 1915, vol. VI) is as follows:

"The Government of the Queen, having taken note of the agreement concluded between Russia and England concerning the application to British subjects, and to their property, of the municipal, financial and administrative system established in the zone

of the Chinese Eastern Railway, approved by the Governments of those two countries on November 20/December 3, 1914, has instructed me to declare to your Excellency that it is ready to take the necessary measures to assure the application of the provisions of that agreement to subjects of the Netherlands, beginning October 1/14 next, so soon as your Excellency may have made known to me that the Imperial Government of Russia on its part consents to admit subjects of the Netherlands to the benefit of all rights and privileges assured by that agreement to British subjects in the zone above mentioned."

Under the same date, the Russian Minister acknowledged this note, adding, "In taking note of this declaration, I hasten to advise you that I am instructed by the Imperial Government to make known to your Excellency that it consents to admit subjects of the Netherlands to the benefit of all rights and privileges assured by that agreement to British subjects in the zone above mentioned."

Similar adherences to the agreement were given by Belgium, November 6/19, 1915; by Spain, November 19/December 2, 1915; by France, December 10/23, 1915; by Denmark, March 7/20, 1916; by Italy, May 10/23, 1916; and by Japan, February 25/March 10, 1917.

A preliminary agreement concerning the administration of the railway lands had been concluded between the Russian and Chinese authorities under date of April 27/May 10, 1909, but had failed to receive the consent of the various treaty powers to its application to their nationals resident in the railway zone. The French text of that preliminary agreement is printed in CUSTOMS, vol. i, p. 263, and in *Soglashenia,* p. 13; a translation is printed in *Am. Journal Int. Law,* Supplement, 1909, p. 289, as follows:

Preliminary Agreement between Russia and China in regard to municipal administration in the Chinese Eastern Railway Zone, May 10, 1909

"Differences of opinion having occurred in the interpretation of the agreement for the construction and working of the Chinese Eastern Railway, dated August 27, 1896 (Kuang Hsü, 22nd year, 8th moon, 2nd day), the Governments of Russia and China have decided upon the following general arrangements, having reference to the organization of municipalities on the lands of the said railway.

"ARTICLE 1.—As a matter of fundamental principle the sovereign rights of China are recognized on the lands of the railway company; they shall not be prejudiced in any way.

"ARTICLE 2.—China will take all measures resulting from her sovereign rights over the railway lands, and neither the railway administration nor the municipalities shall upon any pretext whatsoever oppose these measures, so long as they are not contrary to the agreements concluded with the railway company.

"ARTICLE 3.—The existing agreements of the railway company remain in full force.

"ARTICLE 4.—All laws, ordinances, and legislative measures resulting from the sovereign rights of China shall be compiled and published by the Chinese authorities in the form of proclamations.

"ARTICLE 5.—High Chinese officials and official agents visiting the properties of the railway shall be received by the railway administration and by the municipalities with all proper deference and ceremony.

"ARTICLE 6.—Municipal bodies are to be established in the commercial centres of a certain importance situated on the lands of the railway. The inhabitants of these commercial centres, according to the importance of the localities and the number of the residents, shall elect delegates by vote, who shall choose an Executive Committee; or else the residents themselves shall take part in the business of the municipality and a representative shall be elected from amongst them who will take upon himself to carry out the resolutions decided upon by meeting of all the residents.

"ARTICLE 7.—No difference shall be made on the lands of the railway between the Chinese population and that of other nationalities; all residents shall enjoy the same rights and be subject to the same obligations.

"ARTICLE 8.—The right to vote shall belong to every member of the community who owns real estate of a fixed value or who pays a fixed annual rental and taxes.

"ARTICLE 9.—The President shall be elected by the assembly of delegates and chosen from amongst them, without distinction of nationality.

"ARTICLE 10.—The assembly of delegates shall have power to deal with all local questions of public utility. Institutions which interest only a section of the residents, such as churches, chambers of commerce, schools, and charitable organizations, shall be maintained by the section of residents concerned by means of private subscriptions.

"ARTICLE 11.—The assembly of delegates shall select from amongst its members and without reference to nationality the individuals to be entrusted with the management of municipal affairs; their number shall not exceed three. In addition the President of the Chiao-She-Chu and the director of the railway shall each nominate one delegate.

"These delegates and the members above mentioned, including the President, shall form the Executive Committee.

"ARTICLE 12.—The President of the Assembly of delegates shall also be President of the Executive Committee.

"ARTICLE 13.—The President of the Chiao-She-Chu and the director of the railway, occupying a position superior to the Presidents of the assemblies of delegates and of committees, have a right of control and personal revision, which they may exercise whenever they think fit. The delegates mentioned in Article 11 shall submit to them reports on current affairs. In addition, all decisions arrived at by the assemblies of delegates shall be submitted for the joint approval of the President of the Chiao-She-Chu and the director of the railway. Thereafter those decisions shall be published in the form of a notification, in the name of the Executive Committee, and shall become binding upon all the residents, irrespective of nationality.

"ARTICLE 14.—In the event of decisions by the assembly of delegates not being approved by the President of the Chiao-She-Chu of the director of the railway, these decisions shall be returned to the assembly for further consideration. If the original decision is adopted by a majority of three-quarters of the members present, it becomes binding.

"ARTICLE 15.—Important questions, having reference to the public interest or the finances of the municipalities, in the commercial centres of the railway lands, shall, after discussion by the assemblies of the delegates, be referred for the consideration and approval of the President of the Company (a high Chinese official, in accordance with Article 1 of the Agreement of 1896), conjointly with the head office of the administration of the Chinese Eastern Railway Company.

"ARTICLE 16.—The Chinese Eastern Railway Company shall itself administer properties specially set apart for the service of the railway, such as stations, workshops, &c. All other unleased lands of the railway company, as well as buildings reserved for the exclusive use of the company share, if these lands and buildings have not been handed over to the municipalities by mutual arrangement, be temporarily subject, as before, to the management of the railway company. Properties under this heading shall be provisionally exempt from land tax, &c.

"ARTICLE 17.—The general arrangements above mentioned shall serve as a basis for determining detailed regulations in regard to the municipalities and police; the scale of taxation will also be determined. It is agreed that the discussion of these regulations shall commence within a period of not more than one month, reckoning from the date of signature of the present agreement.

"ARTICLE 18.—Until these definite regulations have been decided upon, and have come into force, in regard to the municipal organization, the municipalities will provisionally conform to the existing methods of procedure, applying thereto Article 13 of the present arrangement, which refers to the right of control of the President of the Chiao-She-Chu and the director of the railway in regard to municipal matters. If the President of the Chiao-She-Chu or the director of the railway should not approve of the decisions of the assemblies of delegates, and if no agreement can be arrived at as the result of discussions between these officials, then two special delegates shall be separately chosen by the Chinese and the foreign residents respectively. The President of the Chiao-She-Chu and the Director of the Railway shall select, conjointly with these two delegates, a fifth person, either Chinese or foreign, well esteemed of the general public, to discuss the difficulty and settle it on a basis of common agreement. The Chinese Chamber of Commerce at Harbin is authorized to nominate three members, who shall be admitted to the Executive Committee of that town and participate in its affairs, upon the same footing as the other members of the said committee. The Chambers of Commerce of the communities of the towns of Manchuria and Hailar will each select two delegates as members of the Executive

Committees of these towns. In other commercial centres where only general assemblies exist, the Chinese and the Russian population shall take part, on a footing of equality, in the management of municipal affairs. The elections of assemblies and committees shall take place in accordance with the new detailed regulations as soon as these shall have been fixed.

"The text of the present instrument has been drawn up in Chinese, Russian, and French, four copies in each language, all of which have been duly signed and sealed with the respective seals of the parties concerned. In case of doubt the French text shall rule.

"Done at Peking the 27th April, 1909 (O.S.=May 10th, N.S.), first year of H. M. Hsuan Tung, 3rd Moon, 21st day.

"Signed, J. KOROSTOVETZ (seal), D. HORVAT (seal), LIANG TUN YEN (seal), SHIH CHAO-TSI, YU SZU-HSIANG."

Simultaneously with the conclusion of this preliminary agreement, an exchange of notes, of which the translations are given herewith, was effected between the Wai-wu Pu and the Russian Minister in Peking:

"I.—THE WAI-WU PU TO THE RUSSIAN MINISTER

"In regard to the recognition of the leased railway territory, the general principle has been established that Chinese sovereignty suffers no loss or diminution. The rights and privileges enjoyed by subjects of other Powers under the treaties between China and other nations are to be fully preserved. This must be clearly stated in order to avoid future misunderstandings.

"To this end the two Governments now make this exchange of notes.

"II.—THE RUSSIAN MINISTER TO THE WAI-WU PU

"The leased territory of the Manchurian Railway is Chinese territory, and Chinese sovereignty therein is now fully recognized. A general agreement for the establishment of municipal councils has to-day been signed and sealed.

"I now clearly state that my Government will fully respect within the limits of the leased territory the rights and privileges which the subjects of other Powers enjoy under the treaties between China and the other Powers."

No. 35

JAPAN AND CHINA

Treaty and exchanges of notes respecting South Manchuria and Eastern Inner Mongolia.[1]*—May 25, 1915*

His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, having resolved to conclude a Treaty with a view to

[1] MACMURRAY, vol. II, p. 1220. Translation, as printed in *The Chino-Japanese Negotiations—Chinese Official Statement with Documents and Treaties with Annexures* (Peking, 1915), from Chinese texts. Translations from the Japanese texts are printed in the Japanese White Book entitled *The Documents regarding the Negotiations between Japan and China (1915)—Translation* (Tokyo, 1915).

In connection with this treaty, and the attached exchanges of notes, in regard to South Manchuria and Eastern Inner Mongolia, consult the convention for the lease of the Liaotung (or Kwantung) Peninsula to Russia, March 27, 1898 (No. 4, *ante*); agreement with Russia concerning the Southern Manchurian branch of the Chinese Eastern Railway, July 6, 1898 (No. 6, *ante*); treaty of peace between Japan and Russia, September 5, 1905 (No. 12, *ante*); treaty between Japan and China concerning Manchuria, December 22, 1905 (No. 13, *ante*), and exchanges of notes between Japan and China in connection with the Chengchiatun affair, January 12 and 22, 1917 (No. 40, *post*), particularly the notes in regard to the establishment of Japanese police stations

See Note 1 to this document, *post*, p. 164.

developing their economic relations in South Manchuria and Eastern Inner Mongolia, have for that purpose named as their Plenipotentiaries, that is to say;

His Excellency the President of the Republic of China, Lou Tseng-tsiang, *Chung-ching,* First Class *Chia-ho* Decoration, and Minister of Foreign Affairs; And His Majesty the Emperor of Japan, Hioki Eki, *Jushii,* Second Class of the Imperial Order of the Sacred Treasure, Minister Plenipotentiary and Envoy Extraordinary;

Who, after having communicated to each other their full powers, and found them to be in good and due form, have agreed upon and concluded the following Articles:

Article 1.—The two High Contracting Parties agree that the term of lease of Port Arthur and Dalny and the terms of the South Manchuria Railway and the Antung-Mukden Railway, shall be extended to 99 years.

Article 2.—Japanese subjects in South Manchuria may, by negotiation, lease land necessary for erecting suitable buildings for trade and manufacture or for prosecuting agricultural enterprises.

Article 3.—Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever.

Article 4.—In the event of Japanese and Chinese desiring jointly to undertake agricultural enterprises and industries incidental thereto, the Chinese Government may give its permission.

Article 5.—The Japanese subjects referred to in the preceding three articles, besides being required to register with the local Authorities passports which they must procure under the existing regulations, shall also submit to the police laws and ordinances and taxation of China.

Civil and criminal cases in which the defendants are Japanese shall be tried and adjudicated by the Japanese Consul; those in which the defendants are Chinese shall be tried and adjudicated by Chinese Authorities. In either case an officer may be deputed to the court to attend the proceedings. But mixed civil cases between Chinese and Japanese relating to land shall be tried and adjudicated by delegates of both nations conjointly in accordance with Chinese law and local usage.

When, in future, the judicial system in the said region is completely reformed, all civil and criminal cases concerning Japanese subjects shall be tried and adjudicated entirely by Chinese law courts.

Article 6.—The Chinese Government agrees, in the interest of trade and for the residence of foreigners, to open by China herself, as soon as possible, certain suitable places in Eastern Inner Mongolia as Commercial Ports.

Article 7.—The Chinese Government agrees speedily to make a funda-

mental revision of the Kirin-Changchun Railway Loan Agreement, taking as a standard the provisions in railway loan agreements made heretofore between China and foreign financiers.[1]

When in future, more advantageous terms than those in existing railway loan agreements are granted to foreign financiers in connection with railway loans, the above agreement shall again be revised in accordance with Japan's wishes.

Article 8.—All existing treaties between China and Japan relating to Manchuria shall, except where otherwise provided for by this Treaty, remain in force.

Article 9.—The present Treaty shall come into force on the date of its signature. The present Treaty shall be ratified by His Excellency the President of the Republic of China and His Majesty the Emperor of Japan, and the ratifications thereof shall be exchanged at Tokio as soon as possible.

In witness whereof the respective Plenipotentiaries of the two High Contracting Parties have signed and sealed the present Treaty, two copies in the Chinese language and two in Japanese.

Done at Peking this twenty-fifth day of the fifth month of the fourth year of the Republic of China, corresponding to the same day of the same month of the fourth year of Taisho.

Exchange of Notes Respecting the Terms of Lease of Port Arthur and Dalny and the Terms of South Manchurian and Antung-Mukden Railways

Note[2]

Peking,
the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, respecting the provisions contained in Article I of the Treaty relating to South Manchuria and Eastern Inner Mongolia, signed this day, the term of lease of Port Arthur and Dalny shall expire in the 86th year of the Republic or 1997.[3] The day for restoring

[1] See the Kirin-Changchun Railway loan agreement as revised October 12, 1917 (No. 41, *post*). Consult also the convention of April 15, 1907 (No. 15, *ante*); supplementary agreement for a loan, November 12, 1908 (No. 23, *ante*); and detailed agreement for the Kirin-Changchun Railway loan, August 18, 1909 (No. 25, *ante*).

[2] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister.

[3] By the terms of the convention for the lease of the Liaotung Peninsula to Russia, March 27, 1898 (No. 4, *ante*), Article 3, the lease would have expired on March 28, 1923.

the South Manchuria Railway to China shall fall due in the 91st year of the Republic or 2002. Article 12 in the original South Manchurian Railway Agreement providing that it may be redeemed by China after 36 years from the day on which the traffic is opened is hereby cancelled.[1] The term of the Antung-Mukden Railway shall expire in the 96th year of the Republic or 2007.[2]

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

EXCHANGE OF NOTES RESPECTING THE OPENING OF PORTS IN EASTERN INNER MONGOLIA

Note[3]

Peking,
the 25th day of the 5th month of
the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that the places which ought to be opened as Commercial Ports by China herself, as provided in Article 6 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, will be selected, and the regulations therefor will be drawn up, by the Chinese Government itself, a decision concerning which will be made after consulting the Minister of Japan.

I avail, etc.,

(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

[1] According to the Chinese Eastern Railway agreements of July 6, 1898 (No. 6, *ante*), and September 8, 1896 (No. 3, *ante*), the term of the concession for the South Manchuria Railway (originally a portion of the southern branch of the Chinese Eastern Railway) was for a term of eighty years from the opening of traffic,—that is, until the year 1983—subject, however, to the right of the Chinese Government to repurchase it after the expiration of thirty-six years that is, from 1939.

[2] Article 6 of the additional agreement attached to the treaty between Japan and China concerning Manchuria, December 22, 1905 (No. 13, *ante*), fixed the term of the Antung-Mukden Railway concession to expire in the forty-ninth year of Kuang Hsü, *i.e.*, 1923-4.

[3] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister.

Exchange of Notes Respecting Mining Areas in South Manchuria[1]

Note[2]

Peking,
the 25th day of the 5th month of the
4th year of the Republic of China.

Monsieur le Ministre,

I have the honor to state that Japanese subjects shall, as soon as possible, investigate and select mines in the mining areas in South Manchuria specified hereinunder, except those being prospected for or worked, and the Chinese Government will then permit them to prospect or work the same; but before the Mining Regulations are definitely settled, the practice at present in force shall be followed.

Provinces:	*Locality*	*District*	*Mineral*
Fengtien	Niu Hsin T'ai	Pen-hsi	Coal
	Tien Shih Fu Kou	"	"
	Sha Sung Kang	Hai-lung	"
	T'ieh Ch'ang	Tung-hua	"
	Nuan Ti T'ang	Chin	"
	An Shang Chan region	From Liaoyang to Pen-hsi	Iron
Kirin (southern portion)			
	Sha Sung Kang	Ho-lung	C. I.
	Kang Yao	Chi-lin (Kirin)	Coal
	Chia P'i Kou	Hua-tien	Gold.

I avail, etc.,
(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

Exchange of Notes Respecting Railways and Taxes in South Manchuria and Eastern Inner Mongolia[1]

Note[2]

Peking,
the 25th day of the 5th month of the
4th year of the Republic of China.

Monsieur le Ministre,

In the name of my Government, I have the honour to make the following declaration to your Government:

[1] In connection with this exchange of notes, consult the agreement between Japan and China concerning mines and railways in Manchuria, September 4, 1909 (No. 27, *ante*).

[2] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister.

China will hereafter provide funds for building necessary railways in South Manchuria and Eastern Inner Mongolia; if foreign capital is required China may negotiate for a loan with Japanese capitalists first; and further, the Chinese Government, when making a loan in future on the security of the taxes in the above-mentioned places (excluding the salt and customs revenue which have already been pledged by the Chinese Central Government) may negotiate for it with Japanese capitalists first.

I avail, etc.,
(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

EXCHANGE OF NOTES RESPECTING THE EMPLOYMENT OF ADVISERS IN SOUTH MANCHURIA[1]

Note[2]

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

In the name of the Chinese Government, I have the honour to make the following declaration to your Government:

"Hereafter, if foreign advisers or instructors on political, financial, military or police matters are to be employed in South Manchuria, Japanese may be employed first."

I avail, etc.,
(Signed) LOU TSENG-TSIANG.

His Excellency,
Hioki Eki,
Japanese Minister.

[1] See, in connection with this exchange of notes, the agreement between Japan and China for the construction of certain railways in Manchuria, October 5, 1913 (No. 33, *ante*).

[2] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister.

Exchange of Notes Respecting the Explanation of "Lease by Negotiation" in South Manchuria

Note[1]

Peking, the 25th day of the 5th month of the 4th year of Taisho.

Excellency,

I have the honour to state that the term "lease by negotiation" contained in Article 2 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day shall be understood to imply a long-term lease of not more than thirty years and also the possibility of its unconditional renewal.

I avail, etc.,

(Signed) Hioki Eki.

His Excellency,
Lou Tseng-tsiang,
Minister of Foreign Affairs.

Exchange of Notes Respecting the Arrangement for Police Laws and Ordinances and Taxation in South Manchuria and Eastern Inner Mongolia

Note[2]

Peking,
the 25th day of the 5th month of the 4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, as regards the police laws and ordinances and the taxation to which Japanese subjects shall submit according to Article 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese authorities will come to an understanding with the Japanese Consul before their enforcement.

I avail, etc.,

(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

[1] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister.

[2] A formal acknowledgment of this note was addressed under the same date to the Japanese Minister.

Exchange of Notes Respecting the Postponement of the Operation of Articles 2, 3, 4 and 5 of the Treaty Respecting South Manchuria and Eastern Inner Mongolia

Note[1]

Peking,
the 25th day of the 5th month of the
4th year of the Republic of China.

Monsieur le Ministre,

I have the honour to state that, inasmuch as preparations have to be made regarding Articles 2, 3, 4 & 5 of the Treaty respecting South Manchuria and Eastern Inner Mongolia signed this day, the Chinese Government proposes that the operation of the said Articles be postponed for a period of three months beginning from the date of the signing of the said Treaty.

I hope your Government will agree to this proposal.

I avail, etc.,
(Signed) Lou Tseng-tsiang.

His Excellency,
Hioki Eki,
Japanese Minister.

Note

The official communiqués of both the Chinese and Japanese Governments, on the subject of the negotiations culminating in the treaties and exchanges of notes of May 25, 1915, are reprinted in the *F. E. Review,* vol. xi, pp. 474-484 (May, 1915).

The negotiations were initiated by the presentation to President Yuan Shih-kai by the Japanese Minister at Peking, on January 18, 1915, of certain representations in behalf of the Japanese Government, in the form of draft agreements. The English versions of these representations, as subsequently published by the Japanese Government and by the Chinese Government, respectively, are given herewith in parallel columns:

The Twenty-one Demands presented by Japan to China, January 18, 1915

Japanese Statement	*Chinese Statement*
"GROUP I	"GROUP I
"The Japanese Government and the Chinese Government, being desirous to maintain the general peace in the Far East and to strengthen the relations of amity and good neighbourhood existing between the two countries, agree to the following articles:	"The Japanese Government and the Chinese Government being desirous of maintaining the general peace in Eastern Asia and further strengthening the friendly relations and good neighborhood existing between the two nations agree to the following articles:

[1] A formal acknowledgment of this note was addressed under the same date to the Chinese Minister

"*Article I.*—The Chinese Government engage to give full assent to all matters that the Japanese Government may hereafter agree with the German Government respecting the disposition of all the rights, interests and concessions, which, in virtue of treaties or otherwise, Germany possesses vis-à-vis China in relation to the province of Shantung.

"*Article II.*—The Chinese Government engage that, within the province of Shantung or along its coast, no territory or island will be ceded or leased to any other Power, under any pretext whatever.

"*Article III.*—The Chinese Government agree to Japan's building a railway connecting Chefoo or Lungkow with the Kiaochou-Tsinanfu Railway.

"*Article IV.*—The Chinese Government engage to open of their own accord, as soon as possible, certain important cities and towns in the Province of Shantung for the residence and commerce of foreigners. The places to be so opened shall be decided upon in a separate agreement.

"GROUP II

"The Japanese Government and the Chinese Government, in view of the fact that the Chinese Government has always recognized the predominant position of Japan in South Manchuria and Eastern Inner Mongolia, agree to the following articles:

"*Article I.*—The two Contracting Parties mutually agree that the term of the lease of Port Arthur and Dairen and the term respecting the South Manchuria Railway and the Antung-Mukden Railway shall be extended to a further period of 99 years respectively.

"*Article II.*—The Japanese subjects shall be permitted in South Manchuria and Eastern Inner Mongolia to lease or own land required either for erecting buildings for various commercial and industrial uses or for farming.

"*Article III.*—The Japanese subjects shall have liberty to enter, reside, and travel in South Manchuria and Eastern Inner Mongolia, and to carry on business of various kinds—commercial, industrial, and otherwise.

"*Article IV.*—The Chinese Government grant to the Japanese subjects the right of mining in South Manchuria and Eastern Inner Mongolia. As regards the mines to be worked, they shall be decided upon in a separate agreement.

"*Article 1.*—The Chinese Government engages to give full assent to all matters upon which the Japanese Government may hereafter agree with the German Government relating to the disposition of all rights, interests, and concessions, which Germany, by virtue of treaties or otherwise, possesses in relation to the Province of Shantung.

"*Article 2.*—The Chinese Government engages that within the Province of Shantung and along its coast no territory or island will be ceded or leased to a third Power under any pretext.

"*Article 3.*—The Chinese Government consents to Japan's building a railway from Chefoo or Lungkow to join the Kiaochou-Tsinanfu Railway.

"*Article 4.*—The Chinese Government engages, in the interest of trade and for the residence of foreigners, to open by herself as soon as possible certain important cities and towns in the Province of Shantung as Commercial Ports. What places shall be opened are to be jointly decided upon in a separate Agreement.

"GROUP II

"The Japanese Government and the Chinese Government, since the Chinese Government has always acknowledged the special position enjoyed by Japan in South Manchuria and Eastern Inner Mongolia, agree to the following articles:

"*Article 1.*—The two Contracting Parties mutually agree that the term of lease of Port Arthur and Dalny and the term of lease of the South Manchurian Railway and the Antung-Mukden Railway shall be extended to the period of 99 years.

"*Article 2.*—Japanese subjects in South Manchuria and Eastern Inner Mongolia shall have the right to lease or own land required either for erecting suitable buildings for trade and manufacture or for farming.

"*Article 3.*—Japanese subjects shall be free to reside and travel in South Manchuria and Eastern Inner Mongolia and to engage in business and in manufacture of any kind whatsoever.

"*Article 4.*—The Chinese Government agrees to grant to Japanese subjects the right of opening the mines in South Manchuria and Eastern Inner Mongolia. As regards what mines are to be opened, they shall be decided upon jointly.

"*Article V.*—The Chinese Government agree that the consent of the Japanese Government shall be obtained in advance, (1) whenever it is proposed to grant to other nationals the right of constructing a railway or to obtain from other nationals the supply of funds for constructing a railway in South Manchuria and Eastern Inner Mongolia, and (2) whenever a loan is to be made with any other Power, under security of the taxes of South Manchuria and Eastern Inner Mongolia.

"*Article VI.*—The Chinese Government engage that whenever the Chinese Government need the service of political, financial, or military advisers or instructors in South Manchuria or in Eastern Inner Mongolia, Japan shall first be consulted.

"*Article VII.*—The Chinese Government agree that the control and management of the Kirin-Changchun Railway shall be handed over to Japan for a term of 99 years dating from the signing of this Treaty.

"GROUP III

"The Japanese Government and the Chinese Government having regard to the close relations existing between Japanese capitalists and the Han-Yeh-Ping Company and desiring to promote the common interests of the two nations, agree to the following articles:

"*Article I.*—The two Contracting Parties mutually agree that when the opportune moment arrives the Han-Yeh-Ping Company shall be made a joint concern of the two nations, and that, without the consent of the Japanese Government, the Chinese Government shall not dispose or permit the company to dispose of any right or property of the Company.

"*Article II.*—The Chinese Government engage that, as a necessary measure for protection of the invested interests of Japanese capitalists, no mines in the neighbourhood of those owned by the Han-Yeh-Ping Company shall be permitted, without the consent of the said Company, to be worked by anyone other than the said Company; and further that whenever it is proposed to take any measure which may likely affect the interests of the said Company directly or indirectly, the consent of the said Company shall first be obtained.

"*Article 5.*—The Chinese Government agrees that in respect of the (two) cases mentioned herein below, the Japanese Government's consent shall be first obtained before action is taken:

"(*a*) Whenever permission is granted to the subject of a third Power to build a railway or to make a loan with a third Power for the purpose of building a railway in South Manchuria and Eastern Inner Mongolia.

"(*b*) Whenever a loan is to be made with a third Power pledging the local taxes of South Manchuria and Eastern Inner Mongolia as security.

"*Article 6.*—The Chinese Government agrees that if the Chinese Government employs political, financial or military advisers or instructors in South Manchuria or Eastern Inner Mongolia, the Japanese Government shall first be consulted.

"*Article 7.*—The Chinese Government agrees that the control and management of the Kirin-Changchun Railway shall be handed over to the Japanese Government for a term of 99 years dating from the signing of this Agreement.

"GROUP III

"The Japanese Government and the Chinese Government, seeing that Japanese financiers and the Hanyehping Co. have close relations with each other at present and desiring that the common interests of the two nations shall be advanced, agree to the following articles:

"*Article 1.*—The two Contracting Parties mutually agree that when the opportune moment arrives the Hanyehping Company shall be made a joint concern of the two nations, and they further agree that without the previous consent of Japan, China shall not by her own act dispose of the rights and property of whatsoever nature of the said Company nor cause the said Company to dispose freely of the same.

"*Article 2.*—The Chinese Government agrees that all mines in the neighborhood of those owned by the Hanyehping Company shall not be permitted, without the consent of the said Company, to be worked by other persons outside of the said Company; and further agrees that if it is desired to carry out any undertaking which, it is apprehended, may directly or indirectly affect the interests of the said Company, the consent of the said Company shall first be obtained.

"GROUP IV

"The Japanese Government and the Chinese Government, with the object of effectively preserving the territorial integrity of China, agree to the following article:

"The Chinese Government engage not to cede or lease to any other Power any harbour or bay on or any island along the coast of China.

"GROUP V

"*1.* The Chinese Central Government to engage influential Japanese as political, financial, and military advisers;

"*2.* The Chinese Government to grant the Japanese hospitals, temples, and schools in the interior of China the right to own land;

"*3.* In the face of many police disputes which have hitherto arisen between Japan and China, causing no little annoyance, the police in localities (in China), where such arrangements are necessary, to be placed under joint Japanese and Chinese administration, or Japanese to be employed in police offices in such localities, so as to help at the same time the improvement of the Chinese Police Service;

"*4.* China to obtain from Japan supply of a certain quantity of arms, or to establish an arsenal in China under joint Japanese and Chinese management and to be supplied with experts and materials from Japan;

"*5.* In order to help the development of the Nanchung-Kiukiang Railway, with which Japanese capitalists are so closely identified, and with due regard to the negotiations which have for years been pending between Japan and China in relation to the railway question in South China, China to agree to give to Japan the right of constructing a railway to connect Wuchang with the Kiukiang-Nanchang line, and also the railways between Nanchang and Hangchou and between Nanchang and Chaochou;

"*6.* In view of the relations between the Province of Fukien and Formosa and of the agreement respecting the non-alienation of that province, Japan to be consulted first whenever foreign capital

"GROUP IV

"The Japanese Government and the Chinese Government with the object of effectively preserving the territorial integrity of China agree to the following special article:

"The Chinese Government engages not to cede or lease to a third Power any harbour or bay or island along the coast of China.

"GROUP V

"*Article 1.*—The Chinese Central Government shall employ influential Japanese as advisers in political, financial, and military affairs.

"*Article 2.*—Japanese hospitals, churches and schools in the interior of China shall be granted the right of owning land.

"*Article 3.*—Inasmuch as the Japanese Government and the Chinese Government have had many cases of dispute between Japanese and Chinese police to settle cases which caused no little misunderstanding, it is for this reason necessary that the police departments of important places (in China) shall be jointly administered by Japanese and Chinese, or that the police departments of these places shall employ numerous Japanese, so that they may at the same time help to plan for the improvement of the Chinese Police Service.

"*Article 4.*—China shall purchase from Japan a fixed amount of munitions of war (say 50% or more) of what is needed by the Chinese Government or that there shall be established in China a Sino-Japanase jointly worked arsenal. Japanese technical experts are to be employed and Japanese material to be purchased.

"*Article 5.*—China agrees to grant to Japan the right of constructing a railway connecting Wuchang with Kiukiang and Nanchang, another line between Nanchang and Hangchow, and another between Nanchang and Chaochou.

"*Article 6.*—If China needs foreign capital to work mines, build railways and construct harbour-works (including dockyards) in the Province of Fukien, Japan shall be first consulted.

is needed in connection with the railways, mines, and harbour works (including dockyards) in the Province of Fukien;

"7. China to grant to Japanese subjects the right of preaching in China."

"*Article 7.*—China agrees that Japanese subjects shall have the right of missionary propaganda in China."

The representations embodied in Groups I, II, III, and IV were presented and urged as demands on the part of the Japanese Government: as to those embodied in Group V, however, the Japanese Government has maintained that they were presented and negotiated merely as requests or desiderata, whereas the Chinese Government has maintained that neither in their presentation nor in the negotiations concerning them was any indication given of their being distinguished by a less peremptory character than that of the demands embodied in the other Groups.

On May 7, 1915, the Japanese Minister at Peking, delivered to the Chinese Minister for Foreign Affairs an ultimatum of which the English version, together with that of an explanatory note simultaneously presented, is quoted herewith from the official Japanese statement cited above:

Japan's Ultimatum to China, May 7, 1915

"In opening the present negotiations with the Chinese Government, the Imperial Government were actuated by the desire to adjust matters to meet the new situation created by the war between Japan and Germany and of strengthening, in the interest of a firm and lasting peace in the Far East, the bond of amity and friendship between Japan and China by removing from the relations of the two countries various causes of misunderstanding and suspicion. Since the Imperial Government first presented their proposals to the Chinese Government in January last, twenty-five conferences have been held between the representatives of the two Governments. In these successive conferences, the Imperial Government presented their side of the case fully and frankly, while at the same time, animated by a spirit of conciliation and concord, they gave every possible consideration to the argument advanced by the Chinese Government. This fact, the Imperial Government believe, affords abundant proof of their sincere desire to bring the present negotiations to a peaceful conclusion. With the close of the twenty-fourth conference on April 17th, discussions on all questions were practically brought to an end. Thereupon the Imperial Government, in deference to the expressed wishes of the Chinese Government, considerably modified their original proposals and prepared an amended project, showing no small concessions on their part. This they presented to the Chinese Government on the 26th of the same month, with the announcement that should the Chinese Government accept it, Kiauchou Bay, which is a point of no small importance in the Far East commercially as well as strategically, and which cost Japan so much to take, would be returned to China at a proper time under fair and reasonable conditions. The reply which the Chinese Government gave on May 1st to this amended project of the Imperial Government was a total disappointment. It gave not only no indication of the Japanese amended project having been seriously examined by the Chinese Government, but also failed to show any appreciation of the friendly and generous offer of the Imperial Government. Japan, being now in possession of Kiauchou Bay, is under no obligation to return it to China. It is because of her desire to promote the friendly relations with China that Japan proposes to do so. The Imperial Government cannot conceal their keen disappointment at the utter disregard, on the part of the Chinese Government, of the sentiment which prompted them to make this offer. The Chinese Government, so far from showing an appreciation of the good will of the Imperial Government in respect of Kiauchou Bay, even demanded its unconditional surrender and called upon Japan to indemnify inevitable losses suffered by China in consequence of the war between Japan and Germany. Moreover, they presented several other demands in connection with the occupied territory, and declared that they were entitled to participate in the coming peace negotiations between Japan and Germany. A demand like the unconditional surrender of Kiauchou Bay or indemnification by Japan of inevitable losses suffered by China in consequence of the Japan-German war, is one that cannot be justly accepted by the Imperial Government.

"Nevertheless the Chinese Government declared the last reply to be their final decision. Any agreements that have already been or may hereafter be reached as to the other points would, therefore, be of no effect, unless those inadmissible demands of China are accepted by Japan. In other words, the last reply of the Chinese Government, taken as a whole, amounts to nothing more than a rejection of the entire Japanese proposals.

"In several other respects the Chinese reply is no less satisfactory.

"As regards South Manchuria and Eastern Inner Mongolia, for instance, the Chinese Government ignored the universally recognized fact that these are the regions where, owing to geographical, political, and economical reasons, Japan has special interests which have been made the more preponderating as the result of the last two wars. Some of the proposals which the Imperial Government formulated with a conciliatory spirit on the basis of the declarations made by the Chinese representative at the conference, were arbitrarily amended by the Chinese Government, thus nullifying the statement of their own responsible Minister, while in some others an inconsistent and therefore inadmissible amendment was introduced showing thus no evidence of good faith and sincerity on their part.

"As to the questions of advisers, land for schools and hospitals and supply of arms, the Imperial Government merely asked to leave on record what had been declared by the Chinese representative, while as regards the railway concessions in South China, they were satisfied with a promise that the matter would be favorably considered, in case there was no objection on the part of the other interested Powers. These proposals affected in no wise China's sovereignty or treaty obligations, but the Chinese Government refused to give their consent on the ground that they involved the question of China's sovereignty or of treaty obligations.

"The Imperial Government extremely regret that they find in the attitude of the Chinese Government little use of further continuing the present negotiations. Yet the Imperial Government, who are ever solicitous for the preservation of peace in the Far East, prompted by the desire to bring the present negotiations to a satisfactory close and avoid the development of any serious complication in the situation, have decided, as a mark of their sincere good will towards the Chinese Government, to withdraw from the present negotiations and reserve for future discussion the whole of Group V, except the one item respecting Fukien Province about which agreement has been reached between the representatives of the two Governments.

"The Imperial Government therefore advise the Chinese Government that they will, in appreciation of the good will of the Imperial Government, accept without amendment all items, included in Groups I, II, III, and IV, together with the item in Group V relating to Fukien, as embodied in the Japanese amended project of April 26th.

"In case the Imperial Government fail to receive from the Chinese Government, before 6 P. M. of May 9th, a satisfactory response to their advice they will take such independent action as they may deem necessary to meet the situation."

Explanatory Note handed to the Chinese Minister of Foreign Affairs by the Japanese Minister at the time of the Delivery of the Ultimatum, May 7, 1915

"1.—The sentence 'the whole of Group V except the one item respecting Fukien Province,' which appears in the latter part of the Ultimatum, refers to the question (a) of advisers, (b) of land for schools and hospitals, (c) of railways in South China, (d) of arms and arsenal, and (e) of right of preaching.

"2.—The acceptance by the Chinese Government of the item relating to Fukien Province, may be either in the form proposed by the Japanese Minister on April 26th, or in that contained in the Chinese reply of May 1st.

"Although the Ultimatum calls for the acceptance by China, without alteration, of the revised Japanese proposals presented on April 26th, yet it should be noted that it merely states the principle, and does not apply to such exceptions as this item and items 4 and 5 of this note.

"3.—If the Chinese Government accept all the items as demanded in the Ultimatum, the offer of the Japanese Government to restore Kiauchou Bay to China, made on April 26th, will hold good.

"4.—The words 'lease or purchase' in Article 2 of Group II may be replaced by the words 'temporary lease' or 'perpetual lease,' or simply by 'lease' on the clear

understanding that it means a long-term lease with the privilege of its unconditional renewal.[1]

"5.—The phrase 'the Japanese Government will be consulted' in connection with questions of railway loans and loans to be secured by the taxes in Eastern Inner Mongolia, should be altered in the sense that 'Japanese capitalists shall be consulted,' as in the case of similar agreement relating to manchuria on matters of the same kind.

"Of the Article relating to the opening of trade marts in Eastern Inner Mongolia, the part which refers to the location and regulations may be left to an exchange of notes, as in the case of Shantung agreement.

"6.—From the phrase 'those interested in the said Company' in Group III of the revised Japanese proposals, the words 'those interested in' may be deleted.

"7.—The official text of the treaties and their annexes shall be in Japanese or in both Japanese and Chinese."

To this ultimatum the Chinese Government replied on May 8, 1915, in terms of which the English version is thus given in the official Chinese statement cited above:

Chinese Reply to Japanese Ultimatum, May 8, 1915

"On the 7th of this month, at 3 o'clock P. M., the Chinese Government received an Ultimatum from the Japanese Government together with an Explanatory Note of seven articles. The Ultimatum concluded with the hope that the Chinese Government by 6 o'clock P. M. on the 9th of May, will give a satisfactory reply, and it is hereby declared that if no satisfactory reply is received before or at the specified time, the Japanese Government will take steps she may deem necessary.

"The Chinese Government with a view to preserving the peace of the Far East, hereby accepts, with the exception of those five articles of Group V postponed for later negotiations, all the articles of Groups I, II, III, and IV, and the exchange of notes in connection with Fukien Province in Group V as contained in the revised proposals presented on the 26th of April, and in accordance with the Explanatory Note of seven articles accompanying the Ultimatum of the Japanese Government with the hope that thereby all the outstanding questions are settled, so that the cordial relationship between the two countries may be further consolidated. The Japanese Minister is hereby requested to appoint a day to call at the Ministry of Foreign Affairs to make the literary improvement of the text and sign the Agreement as soon as possible."

In its official statement concerning these negotiations, the Chinese Government declares that although it was "constrained to comply in full with the terms of the Ultimatum," the Chinese Government nevertheless "disclaim any desire to associate themselves with any revision, which may be thus effected, of the various conventions and agreements concluded between other Powers in respect of the maintenance of China's territorial independence and integrity, the preservation of the *status quo*, and the principle of equal opportunity for the commerce and industry of all nations in China."

During the course of the negotiations, the American Government took occasion to communicate to the Chinese Government, through its Legation in Peking, under date of May 13, 1915, the following statement:

Reservation of Rights by American Government, May 13, 1915

"In view of the circumstances of the negotiations which have taken place and which are now pending between the Government of China and the Government of Japan and of the agreements which have been reached as a result thereof, the Government of the United States has the honor to notify the Government of the Chinese Republic that it cannot recognize any agreement or undertaking which has been entered into or which may be entered into between the Governments of China and Japan impairing the treaty rights of the United States and its citizens in China, the political or territorial integrity of the Republic of China, or the international policy relative to China commonly known as the Open Door Policy.

"An identical Note has been transmitted to the Imperial Japanese Government."

A communication of identical tenor was conveyed to the Japanese Government through the American Embassy in Tokyo.

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[1] At this point, the English version of the explanatory note, accompanying the Chinese official communiqué cited above, gives the following additional paragraph:

"Article 4 of Group II relating to the approval of Police laws and Ordinances and local taxes by the Japanese Consul may form the subject of a secret agreement."

No. 36

RUSSIA AND CHINA

Arrangement concerning the situation of Houlounbouir (Hailar).[1]—*November 6, 1915*

ARTICLE I. Hailar will form a special district, directly subject to the Central Government of the Chinese Republic. In case of necessity, however, and to accelerate correspondence, the authorities of Hailar may put themselves into communication with the principal authority of the Province of Heilungkiang, to whom they are subordinate.

ART. II. The *Fu Tu T'ung*[2] of Hailar will be appointed by a decree of the President of the Chinese Republic, and will exercise the powers of a provincial governor.

Only the five *Ouhérida* of Hailar, and those of the local officials whose grade is not lower than the third class, may be appointed to this post.

ART. III. There shall be created two sections in the administration of the *Fu Tu T'ung*—the right section, and the left section. One of the chiefs of these two sections will be chosen by the *Fu Tu T'ung*, and the other by the Ministry of the Interior. They will be confirmed in their functions by the Central Government of the Chinese Republic. Only the officials of Hailar whose grade is not lower than the fourth class may be appointed to the posts of chiefs of sections.

It will be for the *Fu Tu T'ung* to establish the competence of each of these two sections, whose chiefs will be placed under his orders and will have no right of direct relations with the central authorities and with those of the other provinces, save in so far as they may have been authorized thereto by the *Fu Tu T'ung*.

ART. IV. In normal times, all the military requirements of Hailar will be served solely by the local militia. The *Fu Tu T'ung* will be bound to make report to the Central Government of all measures of a military character that he may have taken, indicating the reasons therefor.

In case there should arise in Hailar troubles of which the local authorities should recognize themselves unable to assure the suppression, the Cen-

[1] MACMURRAY, vol. II, p. 1247, translation from the French text as printed in *Bulletin of Laws*, No. 42, Section I, February 13/26, 1917.

As there printed, the text of the actual agreement is preceded by an exchange of notes, under date of October 24/November 6, 1915, between the Chinese Minister for Foreign Affairs and the Russian Minister at Peking, recording the approval of the agreement by both Governments, and also embodying a declaraton by the Chinese Government of its intention to appoint the *Ouhérida* Shen Fu as first *Fu Tu T'ung* of Hailar.

[2] *i. e.*, Military deputy lieutenant governor.

tral Government might send there detachments of its troops, after giving advance notice thereof to the Russian Government. After the reestablishment of order, these detachments would be withdrawn from the territories of Hailar.

ART. V. The proceeds of all taxes collected in Hailar, as well as all the revenues of this district, will be reserved for the satisfaction of local requirements, excepting, however, the revenues of the maritime customs and of the salt gabelle, which will be taken by the Central Government. At the end of each year, the *Fu Tu T'ung* will be bound to render to the Central Government an account of the sums collected by his administration and also of the manner in which these sums may have been expended.

ART. VI. The inhabitants of Hailar and of interior China, belonging to the classes of farmers, artisans and merchants, may freely circulate and reside both in China and in Hailar. They will be treated on a footing of equality, without any distinction being made between them.

Since, however, the lands of Hailar are the common property of all its people, the Chinese may acquire farms there only upon lease for a term of years, and solely in localities where, in the opinion of the local authorities, their agricultural industry will not be objectionable from the viewpoint of the interests of cattle raising by the native population.

ART. VII. If, in the future, the construction of railways should be undertaken in Hailar, and foreign capital should be required for their construction, the Government of the Chinese Republic would address itself in the first instance to Russia to obtain such capital.

Such branches as the Chinese Eastern Railway Company and the other Russian holders of concessions for mines, timber-felling, etc., in Hailar, may propose to construct, for the purpose of transporting their materials and the products of the working of their concessions, may be built only with the authorization of the Central Government of the Chinese Republic. This authorization will be granted to the concessionaires, except in cases where special considerations stand in the way.

It is clearly understood, however, that the present provision does not relate to the branches of which construction is already provided for by the terms of concessions to Russian subjects, confirmed by the Central Government of the Chinese Republic, as stipulated in the following article.

ART. VIII. The contracts that have already been concluded between Russian investors and the authorities of Hailar, and which have been examined by a commission composed of Russian and Chinese delegates, are hereby confirmed by the Government of the Chinese Republic.

(Sgd.) B. KROUPENSKY (L. S.)

(Sgd.) LOU TSENG-TSIANG. (L. S.)

No. 37

JAPAN (Yokohama Specie Bank) AND CHINA

Agreement for the building of the Ssupingkai-Chengchiatun Railway.[1]—*December 27, 1915*

December 27, 1915 (4th year of the Republic, according to the Chinese chronology, and the 4th year of Taisho, according to the Japanese chronology), the Chinese Government (hereinafter called the Government), represented by the Minister of Finance and the Minister of Communications, of the one part, and the Yokohama Specie Bank (hereinafter called the Bank), of the other part, have concluded between themselves the present Agreement on the basis of the agreement in principle which was arranged between the Chinese and Japanese Governments on October 5th, 1913 (2nd year of the Republic, according to the Chinese chronology, and 2nd year of Taisho, Japanese chronology).

ARTICLE 1. The Government authorizes the Bank to issue a 5% Gold Loan in the sum of 5,000,000 Yen. The Loan will bear the date of the day of issue, and will be known as the Chinese Government 5% Loan for the Building of the Ssupingkai-Chengchiatun Railway.

ART. 2. The present Loan is for the building of a railway from Ssupingkai to Chengchiatun. After the completion of a survey, the route will be fixed by the Director-General of the road and the Bank, and submitted to the Ministry of Communications for approval.

ART. 3. The capital obtained from the loan above mentioned is set apart exclusively for the building of the road, including the payment for the expropriation of land, acquiring rolling-stock, and other necessary equipment (or materials), and also expenses for the operation of the road and for the payment of interest on the present loan during the period of construction of the said road.

The work must be started not later than six months after the signing of this Agreement, and must be finished if possible within two years of the day of starting the same. Before the end of six months the Bank will place at the disposition of the Director-General of the road a sum not to exceed 200,000 Yen as an advance upon the Loan, which money will be deposited

[1] MACMURRAY, vol. II, p. 1249; translation as printed in *F. E. Review*, vol. XIII, p. 472, from Chinese text. Japanese text printed in *Shina Kankei Tokushu Joyaku Isan*, p. 55, where the date is given as December 29, 1915.

In connection with this agreement see the Sino-Japanese agreement in regard to railways in Southern Manchuria, October 5, 1913 (No. 33, *ante*); see also the Sino-Japanese treaty of May 25, 1915, respecting South Manchuria and Eastern Inner Mongolia, with accompanying exchanges of notes (No. 35, *ante*).

in Japan or remitted to China in accordance with the instructions of the Director-General. The sum so advanced, together with the interest which will be charged on the account at a rate not over 7% per annum, will be withheld by the Bank from the proceeds of the first bonds issued. The advance will be paid in Shanghai Taels.

ART. 4. The interest on the present Loan will be calculated at the rate of 5% per annum on the nominal value of the bonds from the day of issue of the Loan, and the payment of interest to the bondholders will be made semi-annually. During the period of the building of the road, the Government will pay the interest either from the principal of the Loan or from other sources, at its discretion, and when the building is finished the interest will be paid first from the revenue of the road and thereafter from other State revenues at the discretion of the Government. Interest, which as above stated will be computed from the day the Loan is issued, will be payable 14 days in advance of the expiration of each half-yearly term in accordance with the amortization table annexed to the Agreement.

ART. 5. The term of the Loan shall be forty years. The amortization of the principal shall begin from the 11th year from the day of issuing the Loan, and shall be carried out by means of half-yearly instalments, 14 days in advance, in accordance with the amortization table (except in the case anticipated in the 6th Article of the Agreement), and will be paid from earnings of the road or from other Government revenues at the discretion of the Government.

ART. 6. The Government reserves to itself the right, upon notice to the Bank in writing six months in advance, beginning with the 11th year after the issue of the Loan, to pay off, if it desires, before maturity, all or part of the principal which has not been amortized, upon condition that the holders of the bonds are to be paid a premium at the rate of 2½% above the par value of the bonds, i.e., upon each bond of 100 Yen will be paid 102 Yen 50 Sen. At the end of the 20th year after the day of issue of the Loan, the Government may increase the amounts of the amortization payments, without paying a premium over and above the par value. Such payments before maturity will be carried out by means of a supplementary drawing of bonds upon the days fixed in the prospectus of the Loan for the usual drawings.

ART. 7. The Government binds itself to make the payments of the interest and principal of this Loan, in accordance with Articles 4 and 5 of this Agreement, to the Bank through the Director-General, according to the attached amortization table,[1] but 14 days in advance. For payments to be

[1] Not printed. See MACMURRAY, vol. II, p. 1258.

made before maturity in accordance with Article 6, the Government likewise engages to make the required payments 14 days in advance. All of the above mentioned payments are to be made by the Government to the Bank at Shanghai, in Shanghai Taels (or in new Government money, if such has been introduced into circulation) at the current rate of Japanese exchange. The rate of exchange will be arranged by agreement with the Bank either on the day of payment or, as the Government may prefer, on any day not more than six months previous to the day of payment. The Government shall have the right to make such payments in gold if they have such funds in Japan (upon condition, however, that those gold funds shall not have been acquired especially for the purpose of making this payment), and such payment in gold must also be made 14 days in advance. For its services in making the payments upon the present Loan the Bank will receive a commission at the rate of ¼% on all payments effected through it.

ART. 8. The Government guarantees the regular payment both of the interest and of the principal. In case the amount of the Loan or the revenue from the road shall not be sufficient for the above mentioned payments, the Government will adopt the necessary measures to ensure these payments from other sources, which payments must also be effected 14 days in advance of the stated term.

ART. 9. The present Loan is secured upon all movable and immovable property belonging to the Railway, or which may belong to it in the future, and also upon the revenues of the road. In case a supplementary loan is concluded according to clause 1 of Article 15 of this Agreement, the said property and revenues of the road will also serve as security for such supplementary loan. The security of this loan may not be pledged for any loan other than as above stated.

ART. 10. The Bank has the right to issue bonds for the full amount of the Loan, and the nominal value of the bonds will be determined by the Bank. The form of the bonds will be determined by the Bank in agreement with the Minister of Communications or with the Chinese Minister at Tokyo. The bonds shall be printed in the Chinese and Japanese languages, and the signature of the Minister and the seal of the Ministry of Communications shall be engraved thereon. Previous to the issue of the bonds, the signature and seal of the Chinese Minister at Tokyo shall be engraved on each as proof that the issue has been effected with the permission of the Government and under its responsibility. The bonds will also be signed by the representative of the Bank. If bonds are lost, damaged, or stolen, the Bank will immediately notify the Minister of Communications or the Chinese Minister in Japan, who shall authorize it to advertise in the press that payments upon the same will not be made,

and also to take the necessary measures in conformity with the laws of the said country. If the lost bonds are not discovered before the date fixed by the Bank, the Minister of Communications or the Chinese Minister at Tokyo will deliver to the Bank duplicate bonds with the proper signatures and seals, and all expenses for printing these bonds will be borne by the Bank.

ART. 11. During the whole currency of the Loan, the bonds and coupons, and also all operations connected with the payment of the principal and interest, will be exempted from Chinese taxation.

ART. 12. All details in regard to the publication of the prospectus of the Loan and the payment of the principal and interest, not set forth in this Agreement, shall be determined by the Bank upon agreement with the Chinese Minister at Tokyo. The Bank is authorized to issue the prospectus within the shortest possible time after the signing of this Agreement (observing the reservation in Article 13 of this Agreement). The Chinese Minister at Tokyo shall be instructed to sign the prospectus of the Loan and also to cooperate with the Bank in all questions touching on the issue of the Loan.

ART. 13. The Bank shall have the right to issue the entire Loan either at one time or in several series, depending upon the cost of the work, and its satisfactory execution, and also upon the condition of the money market. The Government shall receive for the bonds the issue price less a deduction of 5½% of their nominal value, which will be retained by the Bank as indemnification for the expense of issuing the Loan.

ART. 14. The proceeds of the Loan shall be deposited to the credit of the Railway in the Yokohama Branch of the Bank, at the times indicated in the prospectus of the Loan for the subscribers to the same.

The Yokohama Branch of the Bank will pay upon the credit balance of these funds interest at the rate of 3% per annum, and on sums transferred to China the local branches will pay the interest that is customary on such accounts. The Bank will retain, at the disposal of the Director-General, all sums realized from the sale of the bonds, with the interest thereon, deducting, however, the sums necessary for the payment of interest upon this Loan and commissions upon such payments during the period of construction of the road. In the case of payments exceeding 200,000 Yen, the Director-General must advise the Bank 10 days before effecting the payment. The entire Loan is to be expended for the building of the Railway in proportion to the progress of the work and as need may arise, for which written requisitions must be presented to the Bank, signed by the Director-General and the Chief Accountant, with a statement attached, showing in detail the object of the disbursement, and specifying the cost. Every month the appropriations for the building of the Railway will be

remitted to Shanghai according to the instructions of the Director-General, and will be placed to the credit of the account of the road in the said branch of the Bank. The Director-General, in agreement with the Bank, will appoint a Japanese subject as Chief Accountant. The Chief Accountant will prepare a list of the necessary Chinese and Japanese clerks for conducting the book-keeping department, and present the same to the Director-General; upon his approval of the list, and upon the appointment by him of these persons, they shall be placed at the disposition of the Chief Accountant, for the performance of their duties under his direction. The Chief Accountant, under the supervision of the Director-General and the Managing Director of the road, shall have charge of all revenues and expenditures of the road during the whole term of this Loan, and shall sign conjointly with the Managing Director of the road all documents relating to the expenditure of such sums. The accounts of the road will be kept in the Chinese and Japanese languages, according to the methods adopted for the other Chinese Railways.

The management of the road will periodically publish, in the Chinese and Japanese languages, a statement showing the revenue and expenditure of the Railway, for the information of the public.

ART. 15. In case the principal obtained from the floating of the present Loan, together with accrued interest, is not sufficient, after deduction of the percentage necessary for the payment of the coupons, during the period of construction, for the completion of the road and for meeting the expenses connected with it, the Government must furnish, from Chinese sources, the necessary funds for the uninterrupted continuation of the work, but in case a sufficient amount is not available, the Bank may issue a supplementary loan on the same terms as the Loan provided for in this Agreement. If upon the completion of the building of the road a surplus remains, such surplus money will be carried as reserve capital, in conformity with Article 18, as security for the regular payment of the principal of the present Loan.

ART. 16. The building of the road and the management of the road will be entirely in the hands of the Government.

The Government will appoint the Director-General of the road, whose place of residence must be near the place where the road is being built, and who will be furnished with full power to act in the name of the Government within the limits of this Agreement. The Director-General, upon agreement with the Bank, will appoint as Chief Engineer, under contract, a Japanese subject. It will be the duty of the Chief Engineer, under the supervision of the Director-General and the Managing Director of the road, to make surveys, prepare plans, drawings, estimates, etc., to direct the technical part of the work, to purchase needed materials, rolling-stock, etc.

The Chief Engineer will submit for the consideration of the Director-General a list of the necessary Chinese and Japanese technical staff for the construction work, exactly designating their number and their functions. The Director-General, upon approving this list, will appoint these technicians and place them at the disposition of the Chief Engineer for the performance of their duties under his direction. Appointments to the minor positions, and also dismissals, will be made by the Chief Engineer with the consent of the Director-General and the Managing Director of the road. As the construction of the separate sections of the road is completed, they will be turned over, by the Chief Engineer, to the Director-General, who will open them for operation if this is considered advisable. The Traffic Manager shall be a Japanese subject, and he shall discharge his duties in compliance with the instructions of the Director-General and the Managing Director of the road. The duties of the Chief Engineer will cease upon the completion of the building of the road. The Director-General shall then appoint a Japanese Engineer whose duty it will be to supervise the engineering department under the orders of the Director-General and the Managing Director of the road. The Japanese Engineer and Traffic Manager will be appointed, under contract, by the Director-General, upon agreement with the Bank.

ART. 17. For the purpose of guarding the Railway line, there shall be maintained a Chinese Guard detachment under the command of Chinese officers. All expenses connected with the maintenance of the detachment shall be paid from the amount destined for the building and maintenance of the road. The numerical strength of the detachment shall be determined by the Director-General upon agreement with the Bank. If the detachment proves to be insufficient, the management of the road shall request the Government to send as guards a detachment of troops of either the Central or Provincial Government and the expense for their maintenance shall be borne by the corresponding authorities.

ART. 18. The income of the Railway shall be deposited in the Bank on either short or long term deposits, and the Bank shall pay interest at rates arranged by mutual agreement between it and the Government. The expenses of operation and upkeep of the road will be paid from the revenue of the road; the net balance of the revenue will first be applied towards the payment of the principal and interest on the Loan, in accordance with the annexed amortization table,[1] and the surplus remaining after the above-mentioned payments shall be held at the free disposal of the Director-General.

After the completion of the building of the line and its opening to traffic, the amounts designated for the payment of principal and interest on the

[1] See MACMURRAY, vol. II, p. 1258.

Loan shall be handed over to the Bank six months in advance of the dates specified in the amortization table. In case the revenue of the road is insufficient to cover the expenses for the payment of interest on the Loan and the liquidation of the principal, these payments shall be secured by the means indicated in Article 8 of the present Agreement.

ART. 19. During the period of the building of the road, a person designated by the Bank shall act as the agent of the road for the purchase abroad of all necessary building materials, rolling-stock and other articles. The more important of these purchases will be made by the Director-General by means of tenders. It will be the duty of the agent, who will act as middleman, to furnish the required materials on the terms most advantageous to the road, and as compensation for this service he shall retain for himself 5% of the net cost of materials procured in this way from abroad. All supply contracts shall be made through the Chief Engineer with the approval of the Director-General. It shall be the duty of the agent, who will be responsible for the strictest inspection of the materials obtained, to select materials of the best quality; the management of the road has the right to refuse to accept materials if they are not in accordance with the specification previously adopted. Building materials, rolling-stock, and other articles of Japanese origin will be given preference before merchandise of other origin if the Japanese merchandise is of the same quality and the same price; after Japanese materials, preference shall be given to foreign merchandise recommended by the agent. Original bills for purchases of materials, and customs certificates, must be presented to the Director-General; in case discounts are allowed from the established prices, these amounts must be credited to the account of the Railway; the agent is required to present all vouchers, certificates of manufacturers, etc., required by the management of the road.

Aside from the above-mentioned commission, the Bank shall not retain for its own profit any other sums. In case the management invites, for consultation, additional experts and engineers, all expenses in this connection will be charged to the account of the road.

To encourage Chinese industry, materials and merchandise of native origin, if the qualities and prices are the same as similar goods of foreign origin, shall be given the preference; for the purchase of such merchandise, of Chinese origin, the Bank shall not receive a commission. Upon the completion of the building of the road, the person designated by the Bank shall continue as agent of the road for supplying necessary materials, during the whole period while this Agreement is in effect, under conditions which shall be arranged later.

ART. 20. If, in the future, the Government deems it advantageous or desirable to extend the railway line or to build a branch, this work can be

done with money obtained from Chinese sources; if, however, foreign capital is wanted for that object, the Government is obliged to give the preference to the Bank. The length of these additional lines shall be determined by the Government.

ART. 21. The Bank, being the agent of the bondholders, shall deal with the management of the road in all matters concerning the railway, as the representative of the bondholders.

ART. 22. Should any events of a political or economic character occur in the country during the period between the signing of the present Agreement and the issuing of the prospectus of the Loan, which would have an injurious effect on the money market and cause a decline in Chinese securities, and in consequence cause the Bank difficulty in issuing the bonds for the present Loan, the Government by mutual agreement with the Bank shall grant to the latter an extension of the time for carrying out the conditions of the Agreement. If at the expiration of the designated time the Loan has not been issued, the present Agreement shall be considered as cancelled. The Government in that case will repay to the Bank the advance made according to Article 3 of this Agreement, with accrued interest, and the Bank shall be entitled to no other compensation.

ART. 23. The Bank is authorized, with the consent of the Director-General, to transfer the rights and obligations which it has obtained by this Agreement, either wholly or in part to another Japanese subject, or to entrust them to another person as its attorney.

ART. 24. In order to secure a wide distribution of the bonds, the Bank will be given the right to express the price of the bonds in English, French and American currencies; the bonds will be printed in the Chinese, Japanese, English and French languages; the places of payment of the principal and interest on the Loan, to the holders of the bonds, will be London, Paris and New York, and the Bank may issue the bonds either wholly or in part in the three cities named.

ART. 25. The present Agreement, with its Annexes, was ratified by the President of the Republic of China on the .... of December of the year 1915 (4th year of the Chinese Republic, and the .... December, 4th year of the Reign of Taisho, in Japanese chronology), regarding which an official communication was made by the Minister for Foreign Affairs to the Japanese Minister at Peking.

ART. 26. The present Agreement is drawn up in four copies in the Chinese language and four copies in the Japanese language, of which three copies in each language will be delivered to the Government and one copy of each will be kept by the Bank. Should it happen that there be a divergence between the texts of the Chinese and Japanese copies, the Japanese text will be given the preference.

December 27th, 4th year of the Republic.

Annex I

December 27th, 1915 (4th year of the Republic, according to the Chinese chronology), and December 27th, 1915 (4th year of the Reign of Taisho, according to the Japanese chronology), the Chinese Government (hereinafter called the Government) and the Yokohama Specie Bank (hereinafter called the Bank) concluded between themselves an Agreement for a Loan for the purpose of building a Railway Line from Ssupingkai to Chengchiatun. With the object of accomplishing the earliest possible completion of operations, the parties have concluded also the following Supplementary Agreement. With regard to points not mentioned in the present Annex, the text of the original Agreement continues to be in force.

Article 1. Having regard to the fact that, in consequence of the European War, which has affected the money market most seriously, it is acknowledged that it is not feasible to issue the bonds at present, the Government, having it in view to start immediately building the Ssupingkai-Chengchiatun Railway, is borrowing from the Bank 3,400,000 Shanghai Taels.

Art. 2. The Bank reserves to itself the right to return to itself the amount advanced, with accrued interest, in accordance with the first part of Article 13 of the Agreement, from the amount received from the sale of bonds. The Government and the Bank must decide by mutual agreement the question of the feasibility and advantageousness of issuing the bonds.

Art. 3. The present advance is destined exclusively for the expenses of building the Ssupingkai-Chengchiatun Railway, which include payment for the expropriation of land, purchase of rolling-stock, acquiring every kind of material and other articles required, and also the payment of interest while building, and for operating the road.

Art. 4. The payment of the interest on this advance will be effected 14 days in advance of the due date, from the amount of the advance, during the period of construction of the road, and, upon completion of the construction, first of all from the revenues of the road and then, in case they should be insufficient, from other Government revenues.

Art. 5. The Government guarantees punctuality in the payment of the principal and interest of the present advance; if this advance and also the revenues of the road shall not be sufficient for the payment of interest and for the liquidation of the principal, the Government will make the necessary payments from other sources.

Art. 6. Previous to the issue of the bonds of the Ssupingkai-Chengchiatun Railway, the revenues of the Railway, and also all property of the road, movable and immovable, already in existence or which may

belong to it in the future, shall be considered as given to the Bank as security for this advance.

ART. 7. The amount of the present Loan shall be paid into the Shanghai Branch of the Bank for account of the Ssupingkai-Chengchiatun Railway, and the Bank will pay the usual interest on this account. If the Director-General wishes to debit this account, at any one time, in a sum exceeding 200,000 Taels, he must inform the Bank 10 days in advance.

ART. 8. The present advance will be expended in proportion to the requirements for the surveys and for the work of building the road, and the money will be paid by the Bank upon the presentation to it of a written order, signed by the Director-General and the Chief Accountant, supplemented by documents exactly designating the kind and cost of the work which is being undertaken.

December ...., 4th year of the Republic.

....., *Minister of Finance.*

....., *Minister of Communications.*

December ...., 4th year of the Reign of Taisho.

....., *Representative of the Yokohama Specie Bank.*

ANNEX II—LOAN LETTER

1.—The Chinese Government, in the person of the Minister of Communications, has borrowed from the Yokohama Specie Bank the sum of 3,400,000 Shanghai Taels. This money will be paid by the Bank either all at one time or by instalments, on separate receipts.

2.—Interest, which will be computed at the rate of 7% per annum, will be paid by the Government semi-annually, counting from the day the Loan is concluded.

3.—The other terms of the Loan are stated in the Annex to the Agreement concluded between the Chinese Government and the Yokohama Specie Bank, for the building of the Ssupingkai-Chengchiatun Railway, on December ...., 4th year of the Chinese Republic, corresponding to December ...., 4th year of the Reign of Taisho.

.... day, ... month, ... year of the Chinese Republic:

.... day, ... month, ... year of the Reign of Taisho.

No. 38

JAPAN AND RUSSIA

Convention in regard to cooperation in the Far East.[1]*—July 3, 1916*

The Imperial Government of Russia and the Imperial Government of Japan, having resolved to unite their efforts for the maintenance of a permanent peace in the Far East, are agreed upon the following:

ARTICLE I.—Russia will not be a party to any arrangement or political combination directed against Japan.

Japan will not be a party to any arrangement or political combination directed against Russia.

ARTICLE II.—In the event that the territorial rights or the special interests, in the Far East, of one of the Contracting Parties, recognized by the other Contracting Party, should be menaced, Russia and Japan will confer in regard to the measures to be taken with a view to the support or cooperation to be given each other in order to safeguard and defend those rights and interests.

In faith whereof, the undersigned, duly authorized by their respective Governments, have signed this Convention and affixed their seals thereto.

Done at Petrograd, June 20/July 3, 1916, corresponding to the 3rd day of the 7th month of the 5th year of Taisho.

(Sgd.) SAZONOW. (Seal) (Sgd.) I. MOTONO. (Seal)

Note

In the New York *Evening Post* of March 2, 1918, was printed the following translation of what purports to be a secret treaty concluded between Japan and Russia simultaneously with the convention given above, and stated to have been "revealed from the files of the Russian Foreign Office at Petrograd by the Trotzky-Lenine Government":

Alleged Secret Treaty of Alliance between Russia and Japan, July 3, 1916

The Russian Imperial Government and the Japanese Imperial Government, aiming to strengthen the firm friendship between them, established through the secret agreements of July 17/30, 1907, June 21/July 4, 1910, and June 25/July 8, 1912, have agreed to supplement the aforesaid secret agreements with the following articles:

ARTICLE I. Both the high-contracting parties recognize that the vital interests of one and the other of them require the safeguarding of China from the political dom-

[1] MACMURRAY, vol. II, p. 1327, translation from the French text as printed in Russian *Bulletin of the Laws*, No. 190, Section I, July 12/25, 1916.

In connection with this treaty see also Russo-Japanese conventions of July 30, 1907 (No. 20, *ante*) and July 4, 1910 (No. 30, *ante*).

See Note to this document, *infra*.

ination of any third Power whatsoever, having hostile designs against Russia or Japan; and therefore mutually obligate themselves, in the future at all times when circumstances demand, to enter into open-hearted dealings, based on complete trust, in order to take necessary measures with the object of preventing the possibility of occurrence of said state of affairs.

ART. II. In the event, in consequence of measures taken by mutual consent of Russia and Japan, on the basis of the preceding article, a declaration of war is made by any third Power, contemplated by Article I of this agreement, against one of the contracting parties, the other party, at the first demand of its ally, must come to its aid. Each of the high-contracting parties herewith covenants, in the event such a condition arises, not to conclude peace with the common enemy, without preliminary consent therefor from its ally.

ART. III. The conditions under which each of the high-contracting parties will lend armed assistance to the other side, by virtue of the preceding article, as well as the means by which such assistance shall be accomplished, must be determined in common by the corresponding authorities of one and the other contracting parties.

ART. IV. It is requisite to have in view that neither one nor the other of the high-contracting parties must consider itself bound by Article II of this agreement to lend armed aid to its ally, unless it be given guarantees by its allies that the latter will give it assistance corresponding in character to the importance of the approaching conflict.

ART. V. The present agreement shall have force from the time of its execution, and shall continue to be in force until July 1/14, of the year 1921.

In the event the other of the High-Contracting Parties does not deem it necessary twelve months prior to the end of said period, to declare its unwillingness to continue the present agreement in force, then the said agreement shall continue in force for a period of one year after the declaration of one of the Contracting Parties disclaiming the said agreement.

ART. VI. The present agreement must remain profoundly secret except to both of the High-Contracting Parties.

In witness whereof the persons invested with full power by both parties, have signed and affixed their seals to the present agreement at Petrograd on the 20th of June/July 3, of the year 1916, which corresponds in the Japanese calendar to the third day of the seventh month of the fifth year of the reign of Taisho.

(Signatures), SAZONOFF.
MOTONO.

No. 39

JAPAN (Okura & Company) AND CHINA (Government of Fengtien Province)

Contract for the extension of a loan for yen 1,500,000.[1]*—October 16, 1916.*

The Province of Fengtien of the Republic of China (hereinafter called the party of the first part, on October 16, 1915, concluded an agreement with Messrs. Okura & Co., of Tokio, Japanese Empire (hereinafter called the party of the second part), to extend a loan of Yen 1,500,000.

[1] MACMURRAY, vol. II, p. 1335, translation from Chinese text.
In connection with this loan, consult the Agreement of April 22, 1918, for a loan from the Bank of Chosen to the Fengtien Provincial Government for the readjustment of the reserves of the Provincial Government Bank of Manchuria (*ibid.*, p. 1416).

This agreement having expired, both parties now agree to extend the term again by one year and have decided upon the following articles:

ARTICLE 1. The term of the loan of yen 1,500,000, made by the party of the first part from the party of the second part, having expired on the 16th day of the 10th month of the 5th year of the Republic of China, or the 16th day of the 10th month of the 5th year of Taisho (October 16, 1916), the extension will be reckoned from this date. The former agreement is canceled and a new one drawn up, sealed by both parties, and put into effect.

ART. 2. The term of this agreement will be reckoned from the date of signature and will be for one year, or until the 16th day of the 10th month of the 6th year of the Republic of China, or the 16th day of the 10th month of the 6th year of Taisho (October 16, 1917), which will be the date of repayment. Within the term of the agreement the capital cannot be repaid, but if it is wished to make repayments at different times, payment of capital and interest may be made in full not more than one month after the expiration of the term. If repayment cannot be made on the due date and it is wished to extend the term or repay the loan in instalments, negotiations to this end may be reopened.

ART. 3. The places for the repayment of this loan will be Dairen and Mukden, as convenient to the party of the second part.

ART. 4. Under this agreement, for every yen 100 of the loan, the actual amount of yen 95 will be paid. The amount of the loan will be yen 1,500,000, of which the actual amount paid will be 1,425,000, the discount being yen 75,000. Under this extension, the discount of yen 75,000 will as before be paid by the party of the first part to the party of the second part at Mukden on the date of the signature of this agreement.

ART. 5. The interest on the loan will be 7½% per annum, that is for every yen 100 there will be paid an annual interest of yen 7.50.

ART. 6. The interest referred to in the preceding Article, will be payable annually in two instalments at the end of June and at the end of December. The date and method of payment will be in accordance with a supplementary agreement.

ART. 7. The security for the capital and interest of this loan will be as follows

(1) All of the shares of Fengtien province in the Penhsihu Iron Works and the shaft-head tax.

(2) All of the shaft-head tax and royalties of the Fushun Collieries.

(3) All of the shares of Fengtien province in the Antung Lumber Company.

ART. 8. Before this agreement is sealed, it is stated that the security referred to in the preceding Article has not been hypothecated to other

parties and that before this loan is repaid in full it will not be hypothecated or sold to other parties.

ART. 9. If there should be violations of the provisions of the preceding Articles, the party of the second part may at any time demand from the party of the first part that the capital and interest be at once paid in full or that other security be provided to make good the deficiency.

ART. 10. In connection with the exemption of loans from taxation, it is agreed that no taxes or contributions will be levied by the Government of the Republic of China on this loan.

ART. 11. This agreement will be drawn up in Chinese and Japanese and the party of the first part and the party of the second part will each keep one copy. Disagreement in regard to the text will be settled by a comparison of the Chinese and Japanese copies.

The above eleven articles are signed and sealed by the following authorized representatives of the party of the first part and the party of the second part:

The representatives of the Governor of the Province of Fengtien of the Republic of China:

MA T'ING-LIANG,
Commissioner of Foreign Affairs.

WANG SHU-HAN,
Chief of the Department of Finance.

The representatives of the Messrs. Okura & Company, of Tokio, Japanese Empire:

"WU-KANG-LIANG-T'AI-LANG."
"LIN-CHI-T'AI-LANG."

16th day of the 10th month of the 5th year of the Republic of China: 16th day of the 10th month of the 5th year of Taisho (October 16, 1916).

No. 40

JAPAN AND CHINA

Exchanges of notes in regard to (A) the settlement of the Chengchiatun affair, (B) the employment of Japanese military advisers in South Manchuria, (C) the employment of Japanese military instructors, (D) the establishment of Japanese police stations in South Manchuria and Eastern Inner Mongolia, and (E) the withdrawal of Japanese troops stationed between Ssupingkai and Chengchiatun.[1]—*January 12-22, 1917*

(A) The Settlement of the Chengchiatun Affair

Note from the Japanese Minister to the Chinese Minister of Foreign Affairs

Peking, the 22nd day of the 1st month of the 6th year of Taisho.

I have the honor to inform Your Excellency that with regard to the Chengchiatun affair for the settlement of which several conferences have been held between me and the Chinese Ministry of Foreign Affairs prior to Your Excellency's assumption of office, the articles set forth hereunder have been mutually agreed upon and, with the exception of such modifications and alterations to the phraseology, as have been considered, no further negotiation is possible. I, therefore, take this opportunity to submit the same to Your Excellency's consideration, and to request that a reply to that effect will be given.

1. The General Commanding the 28th Division to be reproved.

2. The Chinese military officers responsible for this incident to be punished according to law. If the law provides for severe punishment such punishment will be inflicted.

3. An official proclamation to be issued in the districts where there is mixed residence for the information of the soldiers and the people in general, to the effect that Japanese soldiers and subjects shall be accorded considerate treatment.

4. The Tu Chun of Fengtien Province to express in an appropriate way, his regret to the Governor of Kwantung and the Japanese Consul-

[1] MacMurray, vol. II, p. 1347; translations from Chinese texts, as printed with the Chinese official communiqué published in the Peking *Gazette* of January 29, 1917. Printed also in *American Journal of International Law*, Supplement, 1917, p. 112; Tyau, p. 268; and *F. E. Review*, vol. XIII, p. 296, which also reprint the Chinese official communiqué.

In connection with these see also the treaty between Japan and China respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *ante*), particularly Articles 3 to 6, and attached exchanges of notes.

General in Mukden, when they are together at Port Arthur, but the method of this expression is left to the discretion of the said Tu Chun.

5. A solatium of $500 is to be given to the Japanese merchant, Yoshimoto.

I avail, etc.

Reply

Peking,
the 22nd day of the 1st month of
the 6th year of the Republic of China.

I have the honour to acknowledge the receipt of Your Excellency's note of to-day, stating

[Here follows the Japanese Minister's Note]

In reply I have to state that I have taken note of the above articles which I find are contained in the minutes of the several Conferences and the records of this Ministry.

I avail, etc.

(B) The Employment of Military Advisers

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

Peking, the 5th day of the 1st month
of the 6th year of Taisho.

The statement that if the Chinese Government should employ foreign advisers on military affairs in South Manchuria, Japanese will be employed first, etc., has been made in the note dated May 25th of the 4th year of the Republic of China, annexed to the treaty respecting South Manchuria and Eastern Inner Mongolia. As the employment of Japanese military advisers will facilitate mutual understanding between the military authorities of the two countries, and further as there is no doubt that this will help to prevent various trouble which may arise out of misunderstanding, the Imperial Government entertain the hope that the Chinese Government will continuously employ Japanese military advisers. However, it is not proper for the Imperial Government to insist upon this matter since it concerns the military affairs of the Chinese Government, and should therefore be left to the discretion of the Chinese Government.

Reply

Peking,
the 12th day of the 1st month of
the 6th year of the Republic of China.

The Minister of Foreign Affairs has the honour to acknowledge the receipt of the Japanese Minister's Note Verbale of January 5, stating that

[Japanese Note repeated]

The Minister of Foreign Affairs has to state that there is a Japanese military adviser already engaged in the Tuchun's Yamen at Fengtien. The Note Verbale is noted.

(C) The Employment of Military Instructors

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

Peking, the 5th day of the 1st month
of the 6th year of Taisho.

The Imperial Government hopes the Chinese Government will employ a number of Japanese military officers to be instructors in military cadet schools. This is aimed at helping the training of military officers who will in the future be appointed to the various localities in Manchuria and Mongolia, and also to enlighten the spirit of friendship between China and Japan. Thus, it may be expected that unfortunate incidents like the Chengchiatun case will not occur again and that the root of trouble may be exterminated permanently. However, it is not proper for the Imperial Government to insist upon this matter since it concerns the military affairs of the Chinese Government and should therefore be left to the discretion of the Chinese Government.

Reply

Peking,
the 12th day of the 1st month of
the 6th year of the Republic of China.

The Chinese Minister of Foreign Affairs has the honour to acknowledge the receipt of the Japanese Minister's Note Verbale of January 5th, stating that

[Japanese Note repeated]

The Minister of Foreign Affairs has to state that hitherto the military cadets school has employed only officers of the national army as instructors and there is at present no intention of employing any foreigner.

(D) The Establishment of Police Stations

Note Verbale handed by the Japanese Minister to the Chinese Minister of Foreign Affairs

In an aide memoire handed by the Japanese Minister to (Dr.) Chen, late Minister of Foreign Affairs, on October 18, 1916,[1] it was stated that in consequence of the operation of the Treaty respecting South Manchuria and Eastern Inner Mongolia, the Japanese subjects traveling and residing at those places will increase in number and the Imperial Government, with a view to controlling and protecting those Japanese subjects, consider it nec-

[1] The English version of this aide mémoire, as given with the Chinese official communiqué above cited, is as follows:

"Dated 18th day of the 10th month of the 5th year of Taisho.

"According to the new treaty concluded last year respecting South Manchuria and Eastern Inner Mongolia, Japanese subjects shall have the right of residence, travel and commercial and industrial trade in South Manchuria, and the right to undertake agricultural enterprises and industries incidental thereto in the eastern part of Inner Mongolia jointly with Chinese subjects. The number of Japanese subjects in South Manchuria and Eastern Inner Mongolia will, therefore, inevitably increase gradually. The Imperial Government of Japan considers it necessary to station Japanese police officers in these regions for the purpose of controlling and protecting their own subjects. It is a fact that a number of Japanese police officers have already been stationed in the interior of South Manchuria and they have been recognized by the local officials of the localities concerned since intercourse has been conducted between them. The Imperial Government of Japan proposes gradually to establish additional stations for Japanese police officers in the interior of South Manchuria and Eastern Inner Mongolia wherever and whenever necessary. The localities where such stations for police officers are to be established will of course depend upon the number of Japanese subjects residing thereat and therefore cannot be specified in advance. Since this will involve great expense, it is unlikely that many police stations will be established at once. The organization of such stations for police officers will also depend upon the existing conditions of the localities selected and the number of Japanese subjects residing at such places. There will be only a few Japanese police officers at each station as established. The more important duties of such police officers are as follows:

"1. To prevent Japanese subjects from committing crimes;

"2. To protect Japanese subjects when attacked;

"3. To search, arrest and escort Japanese prisoners under the jurisdiction of a Japanese consulate;

"4. To attend to the enforcement of consular orders in connection with civil cases, such as the duties of the registrar;

"5. Investigation and supervision of the personal standing of Japanese subjects;

"6. Control and discipline of Japanese subjects, who violate the provisions of treaties between Japan and China; and

"7. To see that Japanese subjects abide by the provisions of Chinese police regulations when the agreement between Japan and China respecting the same should actually come into force.

"In short, the establishment of stations for Japanese police officers in South Manchuria and Eastern Inner Mongolia is based on consular jurisdiction, and its aim is efficiently to protect and discipline Japanese subjects, to bring about a completely satisfactory relationship between the officials and people of the two countries, and gradually to develop the financial relations between Japan and China. The Chinese Government is requested speedily to recognize the demands precisely as it has the establishment of consulates and consular agents in the interior of South Manchuria in pursuance of the policy to maintain the friendly relations between China and Japan."

essary to increase the establishment of police stations, of which the Chinese Minister of Foreign Affairs is already aware.

The Imperial Government consider that the said demand, in the event of its withdrawal, will expose the Japanese subjects, visiting and residing at those places to danger, thus causing trouble and giving rise to serious complications with Chinese officials and citizens.

Inasmuch as it is the duty of the Imperial Government to protect Japanese subjects and its right to control them, not only it cannot view such occurrences with indifference but, in view of the friendly relations of the two nations, it also deems it its duty to take precautionary measures.

As the stationing of Japanese police officers is but a corollary of the right of extra-territoriality, not to speak of the fact that it does not in the least prejudice Chinese sovereignty, it will help to improve the relations of the officials and people of the two countries and bring about the development of economic interests to no small degree.

Therefore the Imperial Government is convinced that the Chinese Government will, without doubt, give its consent and the Imperial Government has to add that while the Chinese Government is making up its mind and withholding its consent the Imperial Government will nevertheless be constrained to carry it into effect in case of necessity.

Dated the fifth day of the first month of the Sixth Year of Taisho.

Reply

Peking,
the 12th day of the 1st month of
the 6th year of the Republic of China.

The Minister of Foreign Affairs has the honour to acknowledge the receipt of the Japanese Minister's Note Verbale of January 5, stating that

[Japanese Note repeated]

In reply the Minister of Foreign Affairs has to state that:

Whereas by virtue of the New Chino-Japanese Treaty "Japanese subjects shall be free to reside and travel in South Manchuria and to engage in business and manufacture of any kind whatsoever;" and the Japanese and Chinese may jointly undertake agricultural enterprises and industries incidental thereto in Eastern Inner Mongolia, the Chinese Government, in anticipation of the gradual increase in number of the Japanese subjects, therefore caused to be stipulated in Article 5 of the said Treaty that the Japanese subjects in South Manchuria and Eastern Inner Mongolia shall submit to the Chinese police laws and ordinances, so as to enable the Chinese police to effectively discharge the functions of protection and control.

Since the reason in support of the Japanese proposal to station police officers was with a view to protect and control Japanese subjects, but as there are already treaty provisions, there is no necessity to station Japanese police officers so as to avoid conflict with the Chinese police rights.

As the seven principal functions of the Japanese police officers, detailed in the aide mémoire of October 18th last, are those either which should properly belong to the Chinese police, or those which are provided for by the existing treaties or those which are the duties of the constables (marshals) of consular courts, there is no necessity for the establishment of a Japanese police force, hence the question of police cannot be associated with extra-territoriality and the Chinese Government cannot recognize it as a corollary (of the right of extra-territoriality). Ever since the conclusion of extra-territoriality treaties between China and the foreign Powers for several decades, no such claim has ever been heard.

Although the Japanese Minister has repeatedly declared that the said police would not interfere with Chinese local administration and police rights, yet after serious consideration by the Chinese Government the stationing of foreign police within the confines of Chinese territory, no matter under whatever circumstances, is prejudicial to the spirit and form of Chinese sovereignty tending to cause misunderstanding on the part of the people, thus placing an impediment in the friendship of the two nations.

As regards the Japanese police stations already established the Chinese Government and the local authorities have repeatedly lodged their protests and have not accorded their recognition, nor is the Chinese Government able to admit the reasons for the stationing of Japanese police officers as stated in the Note Verbale.

This matter has no connection with the Chengchiatun case, and at the conferences the Japanese Minister has repeatedly expressed the desire to detach it from the Chengchiatun case. The Chinese Government considers it necessary to request the Japanese Government to abandon the matter. At the same time, it is not to be construed as meaning that the Chinese Government has recognized any action to carry the matter into effect.

(E) Withdrawal of Japanese Troops

Note from Chinese Minister of Foreign Affairs to Japanese Minister

Peking,
the 22nd day of the 1st month of
the 6th year of the Republic of China.

With regard to the Japanese soldiers despatched by the Japanese Government and stationed between Ssupingkai and Chengchiatun, I have the

honour to inquire of Your Excellency as to the date when they will commence to be withdrawn and also the date when the withdrawal will be completed.

I shall be obliged by a reply setting forth the above details.

I avail, etc.

Reply

Peking, the 22nd day of the 1st month of the 6th year of Taisho.

I have the honour to acknowledge the receipt of Your Excellency's note of to-day, asking for the withdrawal of the Japanese soldiers stationed between Ssupingkai and Chengchiatun. The Imperial Government of Japan is of opinion that the entire additional forces sent to be stationed at the said places in consequence of the occurrence of the Chengchiatun affair will be withdrawn, as soon as the whole arrangement embodied in the five articles which were agreed upon at the Chengchiatun negotiations has been carried out.

I avail, etc.

No. 41

JAPAN (South Manchuria Railway Company) AND CHINA

Agreement for a loan for the Kirin-Changchun Railway.[1]*—October, 12, 1917*

In accordance with Article 7 of the Treaty respecting South Manchuria and Eastern Inner Mongolia, drawn up between the Governments of China and Japan, on the 25th day of the 5th month of the 4th year of the Republic of China, that is, the 25th day of the 5th month of the 4th year of Taisho (May 25, 1915), the Minister of Finance and the Minister of Communications, representing the Chinese Government (hereinafter referred to as the Government), and the South Manchuria Railway Company (hereinafter referred to as the Company) have drawn up the following articles in revision of the Changchun Railway loan agreement.

[1] MACMURRAY, vol. II, p. 1390, translation from the Chinese text.
In connection with this agreement, see the treaty respecting South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *ante*); also the convention regarding the Hsinmin-Mukden and Kirin-Changchun Railways, April 15, 1907 (No. 15, *ante*), and supplementary agreement of November 12, 1908 (No. 23, *ante*), and detailed agreement for the Kirin-Changchun Railway loan, August 18, 1909 (No. 25, *ante*). See also the agreement of June 18, 1918, for the extension to Hueining (No. 42, *post*).

ARTICLE I.—The Government agrees, in accordance with the terms of the articles set forth below, to effect a loan from the Company of yen 6,500,000, for the construction of a railway from Kirin to Changchun (hereinafter referred to as the Railway). Subtracting from this amount the unredeemed portion of the loan of yen 2,150,000, which was paid over to the Government by the Company in accordance with the Mukden-Hsinmintun and Kirin-Changchun Railway agreement of the 3rd day of the 3rd moon of the 33rd year of Kuanghsu, that is, the 15th day of the 4th month of the 40th year of Meiji (April 15, 1907) and the supplementary agreement of the 19th day of the 10th moon of the 34th year of Kuanghsü, that is, the 12th day of the 11th month of the 41st year of Meiji (November 12, 1908), there remains still to be paid the sum of yen 4,511,250, which will be handed to the Government in specie.

(1) The rate of interest of the loan will be 5 per cent per annum.

(2) The amount of the loan actually received will be at the rate of $91.50 for each $100.00, but this does not apply to payments already made.

(3) The term of the loan will be thirty years and before the expiration thereof it may not be redeemed in full.

(4) The security of the loan will be the property and receipts of the Railway.

(5) Before the redemption of the loan the Government may not hypothecate the property and receipts of the Railway to the service of other loans.

(6) The Government will guarantee the payment of the principal and interest of the loan. In case the Railway should be in arrears, in connection with the redemption of the principal or the payment of the interest, the Government will, upon notification from the Company, make the payments direct to the Company. If, after the notification above referred to, the Government is unable to raise the sums required for the deferred payments of principal and interest, it must hand the Railway and all the property thereof over to the Company to be temporarily administered, to be returned to the Government after the deferred payments of principal and interest have been liquidated. If the amount owing in principal and interest is not great an extension of term may be allowed by special arrangement, but not for more than three months.

ARTICLE 2.—The rights of administration of the whole line of the Railway are vested in the Chinese Government.

The Government will have a Chief of the Administration (*Chü Chang*), who, representing and acting under the instructions of the Ministry of Communications, will exercise supervisory powers over all the affairs of the Railway.

ARTICLE 3.—In view of the Company's successful administration of the South Manchuria Railway, the Government will specially commission the Company to direct the affairs of the Railway in its stead during the term of the loan.

But when the loan is redeemed in full, the Company will hand back the property, rolling stock, and equipment, everything in good condition, to the representative of the Government.

ARTICLE 4.—In order to effect the object referred to in the preceding article, the Company will select three Japanese as directors (*Chu Jen*), to occupy the offices of Director of General Affairs (*Kung Wu Chu Jen*), Traffic Director (*Yün Shu Chu Jen*), *and Accounting Director* (*K'uai Chi Chu Jen*). Their salaries will be arranged by the Government and the Company.

The Company must communicate the names and records of the directors, referred to in the preceding paragraph, to the Ministry of Communications before they can take office, and the same procedure shall apply when they are changed.

The Company will select one of the directors, referred to in the first paragraph of this article, as its representative, to carry out the powers and obligations of the Company as defined in this agreement.

In matters of importance the Company's representative or a director must first consult with the Chief of the Administration before taking action. If they can not come to an agreement, both parties will separately refer the matter to the Ministry of Communications and the Company to be decided.

The orders for all receipts and disbursements of the Railway must be signed in conjunction with the Chief of the Administration before they can be valid.

The fixing of freight rates, as well as the raising and lowering thereof and the granting of exemptions therefrom, and also the fixing of all regulations, can be published only after consultation with the Chief of the Administration.

ARTICLE 5.—The appointment, dismissal, promotion, and salary arrangements of the Chinese and Japanese employees of the Railway, with the exception of the directors, will be fixed by consultation between the Chief of the Administration and the Company's representative. But employees of Chinese nationality will be proposed by the Chief of the Administration, employees of Japanese nationality by the Company's representative.

ARTICLE 6.—In case employees of Japanese nationality should come within one of the following categories, the Chief of the Administration will at once notify the Company or the Company's representative to have them immediately dismissed:

Those who (1) Are unfit for their positions, (2) Show lack of application, (3) Disobey the rules, (4) Break the law, (5) Insult their superior officers.

ARTICLE 7.—During the period that the Company administers the affairs of the Railway, the Government and the Company, after consultation together, will arrange to have turned over to the Company 20 per cent of the profits of each working period which remain after being applied to the redemption of the capital and the payment of the interest of the loan, the principal and interest of the sums advanced by the Government under the second paragraph of Article 8, and the principal and interest of the loans made by the Company under the third paragraph of the same article.

ARTICLE 8.—Whenever the receipts from the working of the Railway are insufficient to meet the expenses, the Government will act in accordance with the usual procedure in force in connection with necessary appropriations for carrying on ordinary enterprises.

The appropriations referred to in the preceding paragraph will pay interest at the usual rate and, as soon as receipts exceed expenses, will become a first charge on the surplus in favor of the Government.

In case the necessary appropriations referred to in the first paragraph cannot be raised by the Government, they will be loaned by the Company at the usual rate of interest, the loan to be repaid to the Company as soon as receipts exceed expenses.

ARTICLE 9.—The freight receipts and other income of the Railway will be paid in Chinese currency and deposited in Japanese banks, the method of deposit to be decided upon later in conjunction with the details in regard to the loan.

ARTICLE 10.—In the purchase of machinery and supplies for the upkeep and traffic requirements of the Railway preference will be given to those produced in China, if equal in price and quality to those produced in foreign countries.

When the machinery and supplies for the upkeep and traffic requirements of the Railway, referred to in the preceding paragraph, are purchased, no matter whether they are Chinese or foreign, a statement thereof must be drawn up and first submitted for the inspection of the Chief of the Administration.

ARTICLE 11.—During the term of this agreement the Government may not assess any special taxes upon the Railway or the profits of the Railway. But the Railway will be responsible for the payment of taxes collected generally upon all railway lines.

ARTICLE 12.—The rights of policing, administration, jurisdiction, and taxation on the Railway and on land used by the Railway are naturally vested in the Government.

ARTICLE 13.—Chinese troops or military material will have priority in transportation, the transportation procedure to be in accordance with the general regulations governing Chinese railways built by loan and also at a discount of 50 per cent of the freight table to be fixed later.

ARTICLE 14.—The general regulations of the Ministry of Communications applicable to all railways will also be observed by the Railway. But if, owing to special conditions in connection with the Railway, they should be difficult to apply, the matter should be reported with a statement of the facts to the Ministry of Communications.

ARTICLE 15.—For the protection of the whole line a police force will be established, the officers and men of which will be made up entirely of Chinese, and supported out of the receipts of the Railway.

In case Chinese national troops or provincial troops should be required for the protection of the Railway, their salaries, etc., should be defrayed by the Chinese Government or the provincial government concerned.

ARTICLE 16.—If the Chinese employees of the Railway or their children desire to study at the schools managed by the Company they will be permitted to do so free of charge as an evidence of good will.

ARTICLE 17.—If in the future the Government should require to construct branch lines or extensions of the Railway it will do so with Chinese capital. But if it should require to use foreign capital, except as stipulated by agreement otherwise, priority will be given to the Company to undertake the matter as a commercial enterprise. The mileage of the branch lines or extensions will be fixed by the Government.

ARTICLE 18.—In order to increase the profits of the Railway and with the object of establishing complete connection with the South Manchuria Railway, the Government and the Company will each appoint Deputies to consult together and arrange the following matters:

(1) Traffic connection between the Railway and the South Manchuria Railway.

(2) The connection of T'ou Tao Kou station on the Railway with the Company's Changchun station and the procedure in regard to the use of the stations in common.

(3) The improvement and completion of the Railway and the drawing up of estimates of necessary expenditures.

The necessary expenditures above referred to can be arranged at the proper time by means of a loan between the Government and the Company.

ARTICLE 19.—The details in regard to the loan will be arranged by separate agreement.

ARTICLE 20.—This Agreement will be drawn up in Chinese and Japanese and four copies made of each text, of which three of each will be deposited with the Chinese Government and one of each with the Company. Dis-

agreements in regard to the interpretation of the meaning of this agreement will be decided by the Japanese text.

12th day of the 10th month of the 6th year of the Republic of China.

....., *Minister of Finance.*

....., *Minister of Communications.*

12th day of the 10th month of the 6th year of Taisho.

Representative of the South Manchuria Railway Company.

....., *Manager.*

No. 42

JAPAN (Industrial Bank of Japan, Bank of Chosen, and Bank of Taiwan) AND CHINA

Preliminary agreement for a loan for the construction of the Kirin-Hueining Railway.[1]*—June 18, 1918*

For the purpose of constructing the railway from Kirin, in the Republic of China, to Hueining, through the Southern part of Yenchi (Chientao) and the Tumen River, the Government of the Republic of China (hereinafter called *A*) hereby enters into the present preliminary agreement with the three Japanese Banks, the Industrial Bank of Japan, the Bank of Chosen and the Bank of Taiwan, represented by the Industrial Bank of Japan (hereinafter called *B*) as the basis of a formal loan agreement for the same Railway:

ARTICLE 1.—*A* shall with due promptness outline the amount of funds required for the construction of the railway and other items of necessary expenditure and bring it to the notice of *B* for its consent.

In accordance with the amount of funds required as referred to above, *B* shall issue 5 per cent. public loan bonds of the Republican Government of China in gold currency for *A*.

ARTICLE 2.—The period for the redemption of the present loan shall be limited to forty years. Redemption of the loan shall begin from the 11th year calculating from the date of the issue of the bonds and the method of yearly instalment redemption shall be followed.

ARTICLE 3.—As soon as the formal agreement for the Kirin-Hueining Railway loan is signed, *A* shall begin to construct the line so as to hasten its completion.

[1] MACMURRAY, vol. II, p. 1430, translation from Chinese text as published in the *Government Gazette* of June 29th, 1918. See also Note to this document, *post*, p. 200.

ARTICLE 4.—*A* shall build the railway bridge over the Tumen River conjointly with the Railway Department of the Office of the Japanese Governor General for Korea and shall share half of the expenses thereof.

Regarding the through traffic between this railway and the railway in Korea, a separate agreement shall be entered into with a view to developing the traffic and securing the smooth co-operation of the two railways concerned.

ARTICLE 5.—*A* shall pledge the following assets to *B* as security for payment of interest and redemption of the present loan bonds:

All the property owned by and the revenue due to the railway either at present or in the future.

Without the approval of *B*, *A* shall not offer either the property or the revenue of the railway to others as loan security.

ARTICLE 6.—The actual amount of funds to be received by *A* out of the issue of the present loan bonds shall be such as to be more profitable to *A* than what is stipulated in the Ssupingkai-Chengchiatun[1] Railway Loan Agreement concluded on December 17 of the 4th year of the Republic.

The rate at which the present loan bonds are to be issued shall be fixed according to the circumstances under which they are issued.

ARTICLE 7.—Regarding the particulars which are not provided for under the foregoing articles, they shall be decided upon by *A* and *B* in accordance with the Tientsin-Pukow Railway Loan Agreement signed on the 10th of the 12th moon of the 33rd Year of Kuanghsu.[2]

ARTICLE 8.—The present preliminary agreement shall be the basis of the formal agreement for the Kirin-Hueining Railway Loan, which shall be concluded within six months after the conclusion of the present preliminary agreement.

ARTICLE 9.—Upon the conclusion of the present preliminary agreement, *B* shall pay to *A* an advance of $10,000,000 in full without any deduction for commission.

ARTICLE 10.—The advance referred to above shall bear 7½ per cent. interest per annum; that is, 7½ yen shall be paid for the yearly interest of every 100 yen.

ARTICLE 11.—The advance shall be paid to *A* in specie in exchange for the Treasury Notes issued by *A*.

ARTICLE 12.—The Treasury Notes mentioned in the foregoing article shall be subject to change every six months. At each occasion of their change for new ones, the interest due for the said period shall be paid to *B*.

ARTICLE 13.—After the conclusion of the formal agreement for the Kirin-Hueining Railway Loan, the advance shall have the preferential right

[1] No. 37, *ante*.
[1] MACMURRAY, vol. I, p. 684.

of being repaid with the proceeds from the issue of the loan bonds referred to above.

ARTICLE 14.—The payment of the advance, its redemption and the payment of its interest and other transactions in connection therewith shall be carried out at Tokio.

Two copies of the present preliminary agreement shall be written in the Chinese language and two copies in the Japanese language and *A* and *B* shall each keep one copy written in each language. In case any dispute arises with regard to the interpretation of the agreement, the text of the one written in Japanese shall be considered as authoritative.

Note

The Peking *Times* of July 2nd, 1918, printed the following statement concerning the report of the Minister of Communications in regard to this agreement:

"'The following is the official report of Mr. Tsao Ju-lin, Minister of Communications, concerning the Kirin-Hueining Railway loan. This report was sent to President Feng for approval on the twenty-fifth June and it was sanctioned on the twenty-ninth of that month:

" 'The Kirin-Hueining line will pass through the southern part of Yenchi (Chientao) and the Tumen river to Hueining, Korea, travelling fertile districts full of iron and other mineral deposits. According to the third article of the Sino-Japanese agreement signed in the thirty-third year of the reign of Kuanghsü (1907) concerning the construction of the Fengtien-Hsinmintun and Changchun-Kirin lines [Agreement of April 15, 1907 (No. 15, *ante*)], it was stipulated that, in case of need, an extension of the Changchun-Kirin railway be built with Chinese funds; but if Chinese capital cannot be procured for the purpose, then the Chinese government should consult the Japanese government about same. Further, this was also mentioned in the sixth article of the Sino-Japanese treaty about the Tumen river frontier signed in the first year of the Hsuantung reign of the defunct Taching Court. [No. 28, *ante*.] Hence after the completion of the second loan for the Kirin-Changchun line last year [No. 41, *ante*] the Ministry of Communications was approached by the Peking representative of the Japanese Industrial Bank in May last for the construction of the Kirin-Hueining line. After considerable negotiations on both sides, a draft agreement was signed by them on the 18th June, 1918, consisting of fourteen articles. It was agreed that after the signing of the agreement, the Japanese Industrial Bank, the Bank of Taiwan and the Bank of Chosen would immediately advance the sum of ten million dollars to the Chinese government at the rate of seven and half per cent per annum without commission. In pursuance of this condition, ten million dollars were paid into the Tokio office of the Sino-Japanese Exchange Bank on the nineteenth June to the credit of the Peking government who are at liberty to use it without condition.

" 'With regard to the construction of the Kirin-Hueining Railway, the actual amount will be decided by the Chinese government and the above-mentioned three banks will then issue bonds in Japan on its behalf. The bonds will be issued in gold currency to be refunded within forty years from date of issue with the railway and its incomes as securities.

" 'The construction of the Tumen river iron bridge will be undertaken in conjunction with the railway department of the Chosen Government-General and the cost is to be equally divided by the contracting parties. All other conditions which are not mentioned in the draft agreement will be drawn up by the two contracting parties in accordance with the Tientsin-Pukow Railway Loan signed in January, 1908. [MACMURRAY, vol. i, p. 684.]'

"Mr. Tsao says that this line will be completed in four years and that with the exception of this there is no other railway loan with foreign capitalists at this moment."

No. 43

JAPAN (Exchange Bank of China, in association with the Japanese Banking Syndicate consisting of the Industrial Bank of Japan, the Bank of Chosen, and the Bank of Taiwan) AND CHINA

Agreement for a loan for gold mining and forestry in the Provinces of Heilungkiang and Kirin (Manchuria).[1]*—August 2, 1918*

The following terms have been agreed upon by the two parties in the matter of a loan by the Government of the Republic of China (hereinafter called A) from the Exchange Bank of China (hereinafter called B) of yen 30,000,000 in Japanese gold as a fund for the development of gold mining and forestry in the two provinces of Heilungkiang and Kirin:

1.—The amount of the loan shall be yen 30,000,000 in Japanese gold.

2.—The loan shall be for a period of ten years reckoned from the date of signing the agreement, that is to say up to the 1st day of the 8th month of the 17th year of Taisho, or the 1st day of the 8th month of the 17th year of the Republic of China; provided, however, that upon the expiration of this period it may be extended by mutual consent.

3.—After five full years have elapsed, reckoning from the signing of this agreement, a portion of the loan may be repaid at any time upon the giving of notice of six months in advance.

4.—The interest on this loan shall be payable at the rate of 7.5 per cent., that is to say, yen seven sen fifty per hundred yen in Japanese gold; provided, however, that in the case of extension as provided in Article 2, the rate may be raised or lowered by mutual agreement, according to the prevailing rate, with the purpose in view of making it as favorable to A as possible.

5.—The first payment of interest shall be reckoned at a per diem rate from the date of the delivery of the amount of the loan to the 14th day of the 1st month of the 8th year of Taisho, and shall be paid in advance. The portions for the ensuing six months shall be paid in advance on January 15 and July 15; provided, however, that the amount of the last period shall be reckoned at a per diem rate up to the date of the expiration of the loan.

[1] MacMurray, vol. II, 1434, translation from the Japanese text as made public by the Japanese Government on April 16, 1919. A translation from the Chinese text of this agreement (without the annexed letters) was printed in Peking *Leader* of April 17, 1919.

In connection with this agreement, see the agreement concerning mines and railways in Manchuria, September 4, 1909 (No. 27, *ante*).

6.—The amount of the loan shall be delivered without any discount.

7.—The delivery of the amount of the loan, its redemption, payment of interest, and all other payments, shall all take place at Tokyo, Japan.

8.—A shall offer B as security for the payment of principal and interest the following:

I. The gold mines and national forests in the Heilungkiang and Kirin Provinces.

II. The Government's revenue from the said gold mines and national forests.

9.—In case A, within the period of the operation of this loan agreement, desires to make a loan from others in respect to mines, national forests and their revenues, or to dispose of them, it shall first consult with B.

10.—This loan agreement shall automatically be cancelled as a result of the repayment of its principal and interests.

Two copies each in Japanese and Chinese of this agreement shall be prepared and sealed, one each to be retained by the Ministries of Agriculture and Commerce and of Finance on the one part, and by B on the other. If any doubts arise as to the interpretation of the agreement, it shall be interpreted according to the Japanese text.

2nd day of the 8th month of the 7th year of Taisho.

2nd day of the 8th month of the 7th year of the Republic of China.

(Signed) TIEN WEN-LIEH,
Minister of Agriculture and Commerce of the Republic of China.

TSAO JU-LIN,
Minister of Finance of the Republic of China.

LU TSUNG-YU,
President of the Exchange Bank of China.

TSUNEJIRO KAKIUCHI,
Managing Director of the Exchange Bank of China.

THE EXCHANGE BANK OF CHINA TO THE MINISTRIES OF AGRICULTURE AND COMMERCE, AND OF FINANCE

Gentlemen:

This bank having now concluded a loan agreement in connection with gold mining and forestry in Heilungkiang and Kirin provinces by obtaining capital from the Industrial Bank of Japan, the Bank of Taiwan, and the

Bank of Chosen, which are represented by the Industrial Bank of Japan, we make the following declarations in order to make clear the purpose not to injure the vested rights and interests of those who are engaged or interested in gold mining and state timber felling enterprises in the two provinces.

I.—The vested rights and interests of those who are engaged or interested in gold mining in Heilungkiang and Kirin provinces as official or private enterprises under permission of the central or local governments shall be respected, and by the establishment of a gold mining office and other equipment in future the business of these persons shall be protected, improved and developed, profits increased and also the revenue of the government shall be augmented.

II.—The vested rights and interests of those who are engaged or interested in timber felling in the state forests in Heilungkiang and Kirin provinces as official or private enterprises under permission of the central or local governments shall be respected, and by the establishment of a forestry office and other equipment in future the business of those people shall be protected, improved and developed, profits increased, and also the revenue of the government shall be augmented.

2nd day of the 8th month of the 7th year of the Republic of China.

(Signed) LU TSUNG-YU,
President of the Exchange Bank of China.

TSUNEJIRO KAKIUCHI,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

THE EXCHANGE BANK OF CHINA TO THE MINISTRIES OF AGRICULTURE AND COMMERCE, AND OF FINANCE

Gentlemen:

This bank having concluded a contract for the loan of 30,000,000 yen Japanese Currency for the purpose of developing the gold mining and for-

estry enterprises in Heilungkiang and Kirin provinces by obtaining the supply of funds from the Industrial Bank of Japan, the Bank of Taiwan, and the Bank of Chosen, which are represented by the Industrial Bank of Japan, we hereby beg to ask for a letter of approval consenting to the production as security, in accordance with the stipulation of the last clause of the provisional contract concluded between your Government and this bank on July 3, of the claims based on the loan contract, and the production as collateral security of the revenue of the Government accruing from the gold mines and State forests in Heilungkiang and Kirin provinces which are offered as security for this loan.

August 2, 7th year of the Republic of China.

(Signed) Lu Tsung-yu,
President of the Exchange Bank of China.

Tsunejiro Kakiuchi,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

The Exchange Bank of China to the Ministries of Agriculture and Commerce, and of Finance

Gentlemen:

With regard to the declaration contained in your following letter dated August 2, 7th year of the Republic of China, we beg to reply that our bank feels satisfied in view of the motive for which the loan contract relating to gold mining and forestry in Heilungkiang and Kirin provinces has been concluded between this bank and your Government.

The letter follows:

"The Government of the Chinese Republic having concluded with your bank the loan contract relating to gold mining and forestry in Heilungkiang and Kirin provinces by means of capital obtained by your bank from the Industrial Bank of Japan, the Bank of Taiwan, and the Bank of Chosen,

which are represented by the Industrial Bank of Japan, hereby declares the following stipulation shall be put into effect:

"For the purposes of enabling the gold mining and forestry offices to attain their object, and of assuring a source from which to secure funds required for the redemption of the loan, Japanese experts shall be engaged to assist in and perform the business of the two offices. A contract of engagement shall be agreed upon separately."

August 2, 7th year of the Republic of China.

(Signed) LU TSUNG-YU,
President of the Exchange Bank of China.

TSUNEJIRO KAKIUCHI,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

THE EXCHANGE BANK OF CHINA TO THE MINISTRIES OF AGRICULTURE AND COMMERCE, AND OF FINANCE

Gentlemen:

With regard to the declarations contained in your letter as follows dated August 2, 7th year of the Republic of China, we beg to reply that our bank feels satisfied in view of the motive for which the loan contract relating to gold mining and forestry in Heilungkiang and Kirin Provinces has been concluded between this Bank and your Government.

The letter follows:

"The Government of the Chinese Republic having concluded with your bank the loan contract relating to gold mining and forestry in Heilungkiang and Kirin provinces by means of capital obtained by your bank from the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen, which are represented by the Industrial Bank of Japan, hereby declares the following stipulations are put into effect:

"The establishment of a gold mining office under the direct control of the Central Government to complete all sorts of equipment for the purpose

of bringing about the unification of gold mining administration in Heilungkiang and Kirin provinces and for increasing the revenue of the Central Government. On the establishment of the gold mining office, gold mining ledgers shall be prepared as quickly as possible.

"The establishment of a forestry office under the direct control of the Central Government for the supervision of forestry administration in Heilungkiang and Kirin provinces to increase the revenue of the Central Government by the unification of the forestry administration in the provinces and the completion of all sorts of equipment.

"The establishment of the mining and forestry offices shall as far as possible be carried out within two months."

August 2, 7th year of the Republic of China.

(Signed) Lu Tsung-yu,
President of the Exchange Bank of China.

Tsunejiro Kakiuchi,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

The Exchange Bank of China to the Ministries of Agriculture and Commerce, and of Finance

Gentlemen:

The object for which the loan contract relating to gold mining and forestry in Heilungkiang and Kirin provinces has been concluded between your Government and this bank being to render assistance to your Government in financial readjustment, we beg to declare that we have of course no intention to monopolize special interests regarding forests and mining in the two provinces or to obstruct the occupations of the local residents, and that we hope the welfare of the local residents may be protected by assistance in the development of these interests that will be given as a result of the Government's freedom in the institution of forestry and mining offices which may be established in future by your Government, and that we have not the

slightest intention of interfering with the work of your Government in any way or of encroaching on the freedom and interest of the people.

August 2, 7th year of the Republic of China.

(Signed) LU TSUNG-YU,
President of the Exchange Bank of China.
TSUNEJIRO KAKIUCHI,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

THE EXCHANGE BANK OF CHINA TO THE MINISTRIES OF AGRICULTURE AND COMMERCE, AND OF FINANCE

Gentlemen:

This bank having now concluded a loan agreement in connection with gold mining and forestry in Heilungkiang and Kirin provinces by obtaining capital from the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen, which are represented by the Industrial Bank of Japan, we make the following declaration so that you may recognize that the purpose of making a loan of Japanese capital is to encourage and develop gold mining and forestry enterprises in these provinces and to encourage Sino-Japanese joint enterprise and make possible its realization.

In case a large amount of capital is required in future for the improvement of gold mining and forestry enterprises or for new projects and enterprises, it is planned to make loans of Japanese capital in compliance with the request of the Chinese interested, and to encourage the development of these undertakings by means of Sino-Japanese joint projects.

August 2, 7th year of the Republic of China.

(Signed) LU TSUNG-YU,
President of the Exchange Bank of China.
TSUNEJIRO KAKIUCHI,
Managing Director of the Exchange Bank of China.

To His Excellency Tien Wen-lieh,
Minister of Agriculture and Commerce of the Government of the Chinese Republic;
and
His Excellency Tsao Ju-lin,
Minister of Finance of the Government of the Chinese Republic.

No. 44

JAPAN (Industrial Bank of Japan, representing a Syndicate consisting of the Industrial Bank of Japan, the Bank of Taiwan, and the Bank of Chosen) AND CHINA

Preliminary agreement for a loan for railways in Manchuria and Mongolia.[1]*—September 28, 1918*

The following preliminary agreement has been concluded between the Government of the Chinese Republic (hereinafter called the Government) and the Industrial Bank of Japan, representing the Industrial Bank of Japan, the Bank of Taiwan and the Bank of Chosen (hereinafter called the Banks), with the object of concluding a loan contract for the purpose of building a railway between Jehol and Taonan, a railway between Changchun and Taonan, a railway between Kirin and Kaiyuan by way of Hailung, and a railway from a point of the Jehol-Taonan Railway to a certain seaport (hereinafter called the Four Railways of Manchuria and Mongolia).

ARTICLE 1. The Government shall permit the banks to raise all the funds required for building the Jehol-Taonan, Changchun-Taonan, Kirin-Kaiyuan Railways, and the railway between a point on the Jehol-Taonan Railway to a certain seaport, by means of Chinese Government bonds of the Jehol-Taonan Railway, bonds of the Changchun-Taonan Railway, bonds of the Kirin-Kaiyuan Railway, and bonds of the . . . railway respectively (hereinafter called the gold bonds of the Four Manchurian and Mongolian Railways). Provided, however, that the route of the railway from a point on the Jehol-Taonan Railway to a certain seaport shall be decided upon by consultation between the Government and the Banks.

ART. 2. The Government shall speedily determine the expense for constructing the Four Railways of Manchuria and Mongolia and all other expenses necessary, and shall obtain the approval of the Banks.

ART. 3. The term of the gold loans of the Four Railways of Manchuria and Mongolia shall be forty years. The redemption of the principal, to be refunded by annual instalments, shall commence after eleven years, counting from the day of the issue of the loan.

ART. 4. With the conclusion of the loan contract, the Government

[1] MACMURRAY, vol. II, p. 1448; translation from the Japanese text made public by the Japanese Foreign Office, as printed in the Tokyo *Asahi* of April 13, 1919.

In connection with this preliminary agreement, see the exchange of notes of October, 5, 1913, in regard to the construction of certain railways in Manchuria (No. 33, *ante*); the exchange of notes respecting railways and taxes in South Manchuria and Eastern Inner Mongolia, May 25, 1915 (No. 35, *ante*); the agreement for the construction of the Ssupingkai-Chengchiatun Railway, December 27, 1915 (No. 37, *ante*); the agreement for the Kirin-Changchun Railway loan, October 12, 1917 (No. 41, *ante*); and the agreement for the Kirin-Hueining Railway loan, June 18, 1918 (No. 42, *ante*).

See Note to this document, *post*, p. 210.

shall consult the Banks as to the plan of work to be started according to the plan agreed upon, with a view to speedy construction.

ART. 5. The Government shall offer the following to the Banks as security for the payment of the principal and interest on the loans:—All the property and revenue of the Four Railways of Manchuria and Mongolia, at present and in the future.

The Government shall not offer the above-mentioned property and revenue to other parties unless the approval of the Banks is obtained.

ART. 6. The issue price, interest, net amount to be received by the Government, and other conditions, shall be agreed upon between the parties in as favorable terms as possible to the Government when the loan is issued.

ART. 7. Matters which are not provided for in the foregoing Articles shall be agreed upon by consultation between the Government and the Banks.

ART. 8. A formal loan contract shall be concluded within four months after the conclusion of the present preliminary agreement.

ART. 9. With the conclusion of the preliminary contract the Banks shall advance twenty million yen of Japanese currency to the Government. The advance shall be delivered without charging any commission.

ART. 10. Interest on the advance shall be paid at the rate of eight per cent per annum or Yen Eight per Yen 100.

ART. 11. The advance shall be delivered in the form of the discount of Treasury bills issued by the Government.

ART. 12. The Treasury Bills mentioned in the preceding paragraph shall be renewed every six months, and an amount shall be paid into the banks equal to six months' interest.

ART. 13. After the final agreement for the loan for the Four Railways in Manchuria and Mongolia has been effected, the Government shall repay previous advances preferentially and without delay from the funds obtained by the issue of a public loan.

ART. 14. The collection, repayment, payment of interest, and all other payments of the previous advances, shall be made at Tokyo, Japan.

Two sets each in Japanese and Chinese of the preliminary agreement shall be prepared and signed, and the Government and the Banks shall retain a copy of each.

In case a dispute should arise concerning the interpretation of this preliminary agreement, it shall be interpreted according to the Japanese text.

September 28, 7th Year of Taisho.

[Signed] INDUSTRIAL BANK OF JAPAN,
EIJIRO ONO,
Vice-President.

CHANG TSUNG-HSIANG,
Envoy Extraordinary and Minister Plenipotentiary of China.

Note

This preliminary agreement was made in pursuance of an exchange of notes between the Chinese Minister at Tokyo and the Japanese Minister for Foreign Affairs, under date of September 24, 1918. The purport of these notes is indicated by the following translation, from the Japanese text made public by the Japanese Foreign Office, of the note addressed by Baron Goto to Mr. Chang, and formally acknowledged by him.

Exchange of Notes regarding Four Railways in Manchuria and Mongolia, September 24, 1918

"Dear Sir:

"I have received your communication, which declares that your Government has decided to construct at once the following described railways with money secured by loans from Japanese capitalists:

"1. Kaiyuan-Hailung-Kirin line.

"2. Changchun-Taonan line.

"3. Taonan-Jehol line.

"4. A line from a point on the Taonan-Jehol line to a seaport (this line shall be decided upon later after investigation).

"The Imperial Japanese Government is delighted to hear the declaration of the Chinese Government and shall take the necessary steps to urge on Japanese capitalists that they negotiate the loan.

"[Signed] Baron SHIMPEI GOTO.

"To His Excellency
"CHANG TSUNG-HSIANG,
"Chinese Minister."

No. 45

RUSSIA (Russo-Asiatic Bank) AND CHINA

Agreement supplementary to the contract for the construction and operation of the Chinese Eastern Railway.[1]*—October 2, 1920*

PREAMBLE

The Chinese Government:

In view of the payment, as participation, of five million Kuping Taels (Kp. Tls. 5,000,000) to the Russo-Chinese Bank (now the Russo-Asiatic Bank) with a view to the putting into execution of the contract drawn up the 25th day of the Seventh Moon of the twenty-second year of Kuang-Hsu (September 2, 1896) for the construction and operation of the Chinese Eastern Railway;

In view of the sum due by the above-mentioned railway company to the Chinese Government, accruing from the principal, namely five million Kuping Taels (Kp. Tls. 5,000,000), and the interest due thereon, as also the credit rights resulting from the subsequent advances made in recent years in favor of this railway.

In view of the situation created by the complete political disorganization

[1] Translations from French texts.

in Russia, rendering temporarily impossible for the said company the maintenance of regular operation;

Having regard, moreover, to its rights of sovereignty:

Finds itself under the obligation to take measures indispensable not only for the safe-guarding of security in the regions served by the said railway and for the maintenance of communications which are of world interest, but also for effective protection over the property of the said railway.

By reason of the obligations stated above, the Chinese Government has, under date of October 2, 1920, notified to the Bank its decision to assume provisionally, pending such arrangement concerning the railway as the Government may reach with the Russian Government that may be recognized by China, the supreme control exercised over the said railway by virtue of the contract and of the regulations in force, and to resume the advantages and particular interests conferred upon China by the operating contract concluded in the twenty-second year of Kuang-Hsu (1896) and the original statutes of the said Company; and it therefore, under date of the 2nd day of the tenth month of the ninth year of the Republic of China, corresponding to October 2nd of the year 1920, charges the Minister of Communications, representing the Chinese Government, to conclude at Peking with the Russo-Chinese Bank (now the Russo-Asiatic Bank, and whatever may be the name of this Bank hereafter), representing the Central administration of the Bank provisionally at Paris, the following arrangement as a supplement to the contract of 1896.

ARTICLE I

The Chinese Eastern Railway Company, hereinafter designated by the words "the Company," recognizes that it should pay to the Chinese Government, in bonds of the railway, upon conditions which will be made the subject of a separate letter, upon the signing of the present contract, the equivalent of the amounts which should have been paid by the Company, to wit:

(a) A sum of five million Kuping Taels (Kp. Tls. 5,000,000) which should have been paid to the Government by the Company beginning with the day of the opening of the said line to operation, in accordance with Article 12 of the original contract;

(b) The interest on the sum above named, calculated from the day of the opening of the said railway to operation, at the rate of six per cent (6%) per annum, as provided by Article 16 of the Statutes of the Company, and under the rule of compound interest, up to the year 1920.

Beginning with the year 1921, the interest on these sums will be five per cent (5%), and will be payable semi-annually. The repayment of the bonds will be effected in silver, either at the time of the repurchase of the

railway by the Chinese Government, or from the funds which are to serve for the repurchase of the said railway.

The bonds issued in payment of the said loan will be guaranteed by a lien upon all the movable and immovable properties of the railway.

Article II

It is understood that the Chinese Government will have the right to name, in addition to the President, four members of Chinese nationality upon the Board of Management (*Pravlenia*) of the railway. It is not necessary that members thus named by the Chinese Government should be shareholders of the Company. The shareholders will on their side have the right to name freely the Russian members of the Board of Management. In the event of a tie vote, the President will have a casting vote in addition to his vote as a member.

Article III

The quorum of the Board of Management will be seven members. No decision will be effective unless it has been approved by at least seven members.

Article IV

It is understood that the Chinese Government will have the right to name, of the five members of the Committee of Audit (*Comité de Révision*), two members of Chinese nationality. The President of the Committee will be elected from among the five members in question, but will be of Chinese nationality.

Article V

It is understood that, in order to assure the satisfactory progress of operation of the said railway, the posts of the railway will be shared in an equitable manner between Chinese and Russians.

Article VI

The rights and the obligations of the Company will henceforth be in every respect of a commercial character: every political activity and every political attribute will be absolutely forbidden to it. To this end, the Chinese Government reserves the right to prescribe restrictive measures of any character and at any time.

Article VII

It is clearly understood that the clauses of the contract concluded the twenty-fifth day of the seventy Moon of the twenty-second year of Kuang-Hsu (September 2, 1896), as also of the Statutes of the Chinese Eastern

Railway, which do not conflict with the clauses of the present temporary agreement, remain in force.

The present agreement is signed in four copies, two of them in the French language, and two others in the Chinese language. The French text alone will be authoritative.

Done at Peking, the second day of the tenth month of the ninth year of the Republic of China, corresponding to October 2, 1920.

The Minister of Communications,
(Signed) YEH KUNG-CHO.

For the Russo-Chinese Bank (now the Russo-Asiatic Bank, and whatever may be the name of this Bank hereafter),
(Signed) JEZIERSKI.
(Signed) RAINDRE.

ANNEX No. 1

Mr. J. Raindre to H. E. Yeh Kung-cho

PEKING, *October 2, 1920.*

Mr. MINISTER:

As has been agreed in the course of the negotiations leading up to the Agreement signed today, the sum due by the Chinese Eastern Railway Company to the Chinese Government will be calculated in the following manner:

(a) A sum of five million Kuping Taels (Kp. Tls. 5,000,000) and accrued interest, which should have been paid to the Chinese Government by the Company beginning with the day of the opening of the said railway to operation, in accordance with Article 12 of the original contract;

(b) The interest on the sum above named, calculated from the day of the opening of the said railway to operation, at the rate of six per cent (6%) per annum, as provided by Article 16 of the Statutes of the Company, under the rule of compound interest, to the year 1920.

In view of the fact that there exists a difference of opinion between the Chinese Government and the Bank as to the date of opening of the railway to operation,—which according to the Chinese Government should be 1903, and according to the Bank, 1907,—it is at present impossible to fix the amount due to the Chinese Government. This question will be reserved until one party or the other shall have adduced its proofs, and the question

shall have been settled. A special letter will then fix the definitive amount of the sum due, including principal and interest.

Pray accept, Mr. Minister, the assurance of our high consideration.

(Signed) J. RAINDRE.

His Excellency
Mr. YEH KUNG-CHO,
Minister of Communications,
Peking.

ANNEX No. 2

Mr. J. Raindre to H. E. Yeh Kung-cho, Minister of Communications

PEKING, *October 2, 1920*

(The full text of Annex No. 2 is quoted in Annex No. 3.)

ANNEX No. 3

H. E. Yeh Kung-cho to the Russo-Asiatic Bank

PEKING, *October 2, 1920.*

SIRS:

I have the honor to acknowledge the receipt of your letter of today by which you make known to me that:

"As has been agreed in the course of the negotiations leading to the Agreement signed today, it is understood that the Vice-President of the Board of Management (*Pravlenia*) of the Chinese Eastern Railway will be of Russian nationality. The *Pravlenia* will furthermore comprise two Assistant Vice-Presidents who will be elected from among the members of the Board of Management, one of whom shall be of Chinese nationality and the other of Russian nationality. In the event of the absence of the Vice-President, the Assistant Vice-President of Russian nationality will replace the Vice-President.

It is likewise understood that the Manager of the Railway will be of Russian nationality and that an Assistant Manager will be of Chinese nationality.

It is understood, finally, that, in the Departments of Movement and Traffic, of Traction and Material, of Ways and Works, and of General Accounting, there shall be named an Assistant of Chinese nationality under the Department Chief of Russian nationality.

If the Board of Management finds it necessary to create new posts for assistants, these posts will be reserved for Chinese."

By the present letter, I confirm to you my agreement to this arrangement.

Pray, accept, Sirs, the assurance of my distinguished consideration.

The Minister of Communications,
(Signed) YEH KUNG-CHO.

The Russo-Asiatic Bank,
Peking,

ANNEX No. 4

PEKING, *October 2, 1920.*

(The full text of Annex No. 4 is incorporated in Annex No. 5.)

ANNEX No. 5

H. E. Yeh Kung-cho to the Russo-Asiatic Bank

PEKING, *October 2, 1920.*

SIRS:

By your letter of today, you ask me as follows:

"As has been agreed in the course of the negotiations leading up to the Agreement signed today, we would be grateful if Your Excellency would be so good as to confirm that instructions will immediately be given to the President of the Chinese Eastern Railway to convene at Peking, during the course of October, a general meeting of the shareholders of the Company, which will legally name its Board of Management (*Pravlenia*) and will proceed to the discussion of the reorganization of the line upon a commercial basis.

It remains understood that, in the future, a general meeting will take place annually in accordance with the Statutes of the Company."

I have the honor to acknowledge the receipt of this communication and to confirm to you my agreement upon all these points.

Pray accept, Sirs, the assurance of my distinguished consideration.

The Minister of Communications,
(Signed) YEH KUNG-CHO.

The Russo-Asiatic Bank,
Peking.

ANNEX No. 6

Mr. J. Raindre to H. E. Yeh Kung-cho

PEKING, *October 2, 1920.*

(The full text of Annex No. 6 is incorporated in Annex No. 7.)

ANNEX No. 7

H. E. Yeh Kung-cho to the Russo-Asiatic Bank

PEKING, *October 2, 1920.*

SIRS:

By your letter of today, you kindly make known to me the following:

"As has been agreed in the course of the negotiations leading to the Agreement signed today, the temporary post of Acting Manager of the Chinese Eastern Railway will not be retained, nor any of the other posts which have been created as a temporary matter and which are not contemplated by the Statutes."

I have the honor to acknowledge the receipt of this communication and to confirm to you my agreement thereto.

Pray accept, Sirs, the assurance of my distinguished consideration.

The Minister of Communications,
(Signed) YEH KUNG-CHO.

The Russo-Asiatic Bank,
Peking.

ANNEX No. 8

The Minister of Communications to the Russo-Asiatic Bank[1]

PEKING, *October 2, 1920*

SIRS:

In conformity with Article I of the contract for construction and operation concluded in the twenty-second year of Kuang-Hsu (1896), the shares of the Company can be acquired only by Chinese and Russian subjects, which carries with it a right on the part of Chinese subjects to purchase these shares.

[1] The French version available is a translation from the Chinese text.

Article 10 of the Statutes has fixed the amount of capital of the Company at five million roubles (Rs. 5,000,000) divided into a thousand shares of five thousand roubles (Rs. 5,000) each. The Chinese Government has consequently requested the Bank to sell to Chinese subjects one-half of these shares, that is, an amount of two million five hundred thousand roubles (Rs. 2,500,000).

This question having been discussed without its proving possible to arrive at an agreement for the time being, the Chinese Government, in signing the contract of October 2, 1920, declares that it does not forego its right hereafter to take up this question.

We beg you to acknowledge the receipt of the present letter, and beg you to accept the assurance of our distinguished consideration.

The Minister of Communications.

The Russo-Asiatic Bank,
Peking.

ANNEX No. 9

Mr. J. Raindre to H. E. Yeh Kung-cho

PEKING, *October 2, 1920.*

Mr. MINISTER:

We have the honor to acknowledge the receipt of your letter of today, by which you declare that in signing the supplementary contract of October 2, 1920, the Chinese Government does not intend to forego its right to take up hereafter with the Bank the negotiations for the purchase by Chinese subjects of shares of the Chinese Eastern Railway Company.

Pray accept, Mr. Minister, the assurance of our high consideration.

(Signed) J. RAINDRE.

His Excellency
Mr. YEH KUNG-CHO,
Minister of Communications,
Peking.

ANNEX No. 10

Mr. J. Raindre to H. E. Yeh Kung-cho

PEKING, *October 2, 1920.*

Mr. MINISTER:

As Your Excellency has expressed the desire, we have the honor to certify by the present letter that the Russo-Asiatic Bank (formerly the

Russo-Chinese Bank) is a joint stock Company (*société anonyme par actions*) of a purely commercial character, and that it is not connected with any political party in Russia.

We expressly declare that no other nation than Russia and China has an interest in the Chinese Eastern Railway.

Pray accept, Mr. Minister, the assurance of our high consideration.

(Signed) J. RAINDRE.

His Excellency
Mr. YEH KUNG-CHO,
Minister of Communications,
Peking.

Letter from the Ministry of Communications to the Russo-Asiatic Bank

Dated: *October 2, 1920.*

I have the honor to state that (1) the Chinese Government subscribed Kuping Taels 5,000,000 in the 22d year of Kuang Hsu, 7th Moon, 25th day, for shares and engaged in business with the Russian Hua O Ta Sheng Bank (now known as the Russo-Asiatic Bank), which concluded a contract to construct and manage the Chinese Eastern Railway. Secondly, the Chinese Government has a very important interest therein because of money loaned to the said railway in times of need in addition to the 5,000,000 taels due by the Chinese Eastern Railway to the Chinese Government. Thirdly, because of political disturbances, Russia has been unable to manage the said railway and to maintain order. Fourth, the Chinese Government has responsibilities in connection with its sovereign rights, the maintenance of peace in places within the railway zone, the maintenance of international communications, the protection of the railway property and the maintenance of everything in good order. Combining all the reasons mentioned above, together with the resulting responsibility, this Ministry, representing the Chinese Government, officially informs your bank that the Chinese Government has decided to execute temporarily on behalf of the Russian Government the said railway agreement and assumes the duties and authorities granted by the regulations now in force, and it will also execute the agreement made for joint management in the 22d year of Kuang Hsu and also assumes the special authority granted by the original regulations.

The substitution for Russian authority will last until the date when the Chinese Government officially recognizes the Russian Government and until the two Governments draw up an (another?) agreement for the management of the railway.

I have the honor to request that you take note of the above, and that you favor me with a reply.

With compliments—

Ministry of Communications.

9th year of the Chinese Republic, 10th month, 2d day.

Letter from Russo-Asiatic Bank to Ministry of Communications

PEKING, *October 6, 1920.*

I have the honor to acknowledge the receipt of the Ministry's communication in which the following is set forth:

(Letter of October 2, 1920, from Ministry of Communications to Russo-Asiatic Bank quoted here.)

and I have the honor to reply that I have taken note thereof.

I have the honor to state that with regard to our discussion of the Chinese Eastern Railway with reference to Your Excellency's requests (demands) I telegraphed to the head office of this bank stating that trustworthy evidence must be offered showing that the Russo-Asiatic Bank control all the shares of the Chinese Eastern Railway.

A telegraphic reply and a letter were transmitted to this Bank by the French Minister to China on September 24th, and I now have the honor to enclose herewith copies. The proof (of ownership) was transmitted through the French Foreign Office and is conclusive proof that the shares of the Chinese Eastern Railway belong to the Russo-Asiatic Bank.

(Signed) RAINDRE.

Letter from French Legation to Russo-Asiatic Bank

I have the honor to acknowledge the receipt of your request with reference to the reply to the official despatch from the Chinese Ministry of Communications requesting proof that the share of the Chinese Eastern Railway belong to the Russo-Asiatic Bank, and I now have to inform you that the French Foreign Office has favorably acted upon my request and has instructed the bank to deliver the evidence. This evidence bears the signature of M. Sahmen, the representative in London of the Russian Ministry of Finance. The official despatch has already been sent you by the Paris office under registered cover.

I enclose herewith for your information a copy of the telegram dated

September 18th from the French Premier and Minister for Foreign Affairs. This telegram is sufficient proof of the evidence desired and you may so inform the Chinese Government.

(Signed) BOPPE.

M. JESIERSKI,
Director General Russo-Asiatic Bank.

Telegram from M. Millerand, French Premier and Minister for Foreign Affairs, to M. Boppe, French Minister to China

Please inform Jezierski that the evidence requested has been issued. Please transmit the following to him:

"You will receive by the next mail steamer the registered letter with the proof sent you by M. Sahmen, the representative in London of the Russian Ministry of Finance."

The letter of M. Sahmen, representative of the Russian Ministry of Finance and attaché of the Russian Embassy in London, is proof that the shares of the Chinese Eastern Railway belong to the Russo-Asiatic Bank.

(Signed) SAHMEN.
" *By Director of Russo-Asiatic Bk.*
" MILLERAND.

PARIS, *September 16, 1920.*

Letter from the Russo-Asiatic Bank to Minister of Communications

Dated: *October 6, 1920.*

I have the honor to certify that the Russo-Asiatic Bank is a corporation of Russian nationality and is registered at Petrograd.

With compliments, etc.

(Signed) RAINDRE.

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